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Company Registration No. FC038602

HC-ONE TOPCO LIMITED

Annual Report and Financial Statements
For the year ended 30 September 2024

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 30 September 2024, which they have elected to prepare as if the UK Companies Act 2006 for such a report applied to every entity, domestic or international. HC-One Topco Limited ("the Company") acts as a holding company, which conducts corporate activities on behalf of the Company and its subsidiaries ("the Group"). The Group owns care homes which are managed by the operating subsidiaries HC-One Limited, HC-One No.1 Limited, HC-One No.2 Limited, HC-One No.3 Limited, HC-One No.4 Limited, HC-One No.5 Limited, HC-One Management Limited, HC-One No.6 Limited, Ideal Carehomes Limited, Ideal Carehomes (Number One) Limited, Ideal Carehomes (2) Limited, Ideal Carehomes (4) Limited and Ideal Carehomes (5) Limited. HC-One supports individuals towards the end of their lives in managing complex conditions including dementia and frailty.

The Annual Report and Financial Statements for HC-One Topco Limited (the ultimate holding company) set out the full financial position of our business.

This Strategic Report covers all Group entities, including our 12 overseas entities, and all entities continue to be UK tax resident and file accounts (or statements) at Companies House in the UK (see note 13).

THE BUSINESS MODEL, OBJECTIVES AND STRATEGIES

At HC-One, our purpose is to support those in our care to lead their best life. We bring together specialisms in dementia care and nursing to best meet the circumstances, conditions and choices of individuals as we strive to be the first choice for those we care for, their families, colleagues and commissioners in the communities we serve. We care with kindness. For us, kindness is more than a word, it is a belief that caring for people means caring about what matters most for them.

We always seek to understand how care needs are evolving in the communities we serve, and to ensure our care teams are rewarded for their skill and dedication. As at 30 September 2024, we operated 287 homes providing care to more than 15,000 residents.

Each year, the Board of the Company undertakes an in-depth review of our strategy, including our business plan for the forthcoming five years. The approved plan and strategy form the basis for the financial budgets and investment decisions, and our future strategic direction. The Annual Report demonstrates the progress being made on delivering on our strategy, investing at scale into our workforce, our vital state funded services and our digital transformation journey to truly enhance our care delivery, all with the support of our shareholders.

We closed our financial year 2024 with our strongest like-for-like occupancy to date for continuing homes (93.4%), which was ahead of the sector average. At year end, we also had our strongest quality performance ratings to date across our homes in England, Scotland and Wales, as determined by each of the relevant regulators, with 87% homes rated 'Good' or 'Outstanding' (or equivalent) and no homes rated 'Inadequate' (or equivalent). These ratings put us ahead of other major providers, and we are proud of this progress as we continue to support residents who live with some of the most complex conditions managed and supported within the sector. We also reduced our colleague turnover rate to 23.9%, down from 29.8% at the start of FY24, and again ahead of the sector average. We are fully focused on building on this progress during FY25. Our progress in FY24 has been supported by the substantial investments we are making in our colleagues, our digital capabilities, and our home environments.

This year we have once again been proud to continue to significantly invest in our colleagues. In April 2024, we announced an investment of a further £39 million in colleague pay, building on the £32.5 million invested in 2023. These investments bring almost 90% of our workforce to Real Living Wage or above, with all care colleagues able to earn the Real Living Wage after two years of service. The investment in FY24 enabled us to increase the rate of pay of our care colleagues by an average of 9%.

We want to be a workplace where colleagues can grow and develop lifetime careers, and we are proud of our learning and development programmes that we offer to our colleagues. This includes our Aspiring Home Managers programme, which enables us to develop leaders from our existing colleague community, as well as offering over 20 different apprenticeship options (including Degree and Masters level programmes). During 2024, HC-One became the UK's first care home provider to achieve 'Gold Standard' recognition of our nurse preceptorship programme, which is designed to support and develop new members of our nursing community. The development of our Enhanced Workforce Model during the past financial year is an innovative proposal that we anticipate will also help us to address the sector-wide challenges around readily available qualified nurses. Our growing Flex Force initiative continues to bring flexible working to social care whilst ensuring colleagues can guarantee a set number of hours that are right for them. All of this, in addition to our investment in pay, has contributed to our significantly improved colleague retention rates.

STRATEGIC REPORT (Continued)

During FY24, we made meaningful progress on our digital transformation journey, at the heart of which is truly enhancing how we care for and support residents. Supported by an investment of £18 million, HC-One's digital transformation journey is set to ultimately see HC-One pioneering a fully integrated digital care platform, bringing together medication management, digital care plans and digital event reporting and quality assurance system into one place, and one device. In due course, we intend for this integration to go beyond HC-One's homes and link in with secondary and primary care providers to provide a seamless approach to care documentation, and care provision. In FY24, we rolled out our new event reporting and quality assurance system and commenced the roll-out of our digital care planning system to be largely completed in 2025. Expanding both our insight and oversight, the data gained through these systems enables us to identify trends, provide interventions as appropriate, and apply learning and best practice across our homes. By overlaying our data and digital capabilities with our leadership and culture of kindness, we are delivering quality care at scale.

We are also continuing with our £93 million refurbishment programme. With over 200 of our homes set to benefit from this programme, this is the largest care home upgrade programme in the NHS and Local Authority funded care home sector in the UK. Refurbishment work has completed at over 124 homes, with a further 40 refurbishments planned for FY25. This programme means that our residents and colleagues can live and work in more specialised, comfortable homes, fitter for the future of care. We are also investing in our new build programme which is bringing a new generation of innovative, sustainable and purpose-built homes to the market, with one new build home opening in FY24, and a further two homes due to open in FY25. We are also starting a programme to increase bedroom capacity in our existing homes. Through this project, which includes reopening units and converting our day care centres that are no longer in use, we are aiming to bring hundreds more bedrooms into our portfolio. As we work towards our ESG goals, we also launched our decarbonisation project across seven homes, including the installation of solar PV, thermal imaging surveys to identify heat loss and the removal of gas from laundry and kitchens. These works have had a positive impact in terms of reducing carbon and also improving the EPC rating for the homes, and a further 25 homes are set to undergo these decarbonisation initiatives during 2025 and 2026.

We continue to meet the evolving needs of people requiring care. In FY24 we proudly opened our second Specialist Dementia Care Community (SDCC) in Glasgow, following the success of our first SDCC in Lancashire. Our unique SDCC model pioneers a therapeutic approach in caring for people who are emotionally distressed by their dementia and therefore require specialist care and support, and this has yielded positive outcomes for our SDCC residents. We have also continued to build our enhanced NHS discharge services to provide an efficient pathway to help alleviate the pressure on acute NHS capacity and ensure patients have positive outcomes.

HC-One is also proud to have acquired Ideal Carehomes on 12 October 2023. The acquisition included 37 care homes in England (including one that opened in Cheltenham in October 2024). The acquisition was funded by equity and debt finance of £60.0 million and £65.0 million respectively. During FY24, we have worked closely with Ideal colleagues to steadily transition the homes to HC-One, building on our shared values and commitment to providing high-quality kind care to offer more care choices for people throughout their care journey.

The achievements and progress we have made throughout FY24 support our continuing objective of enhancing quality across the organisation and delivering kind care to our residents as we support them to lead their best life. We continue to have good relationships with social care regulators across each of the jurisdictions we operate in.

As of 30 September 2024, we own c.74% of our properties and we are well funded with a debt facility of £635 million which is secured over the property and assets by way of a mortgage with an equivalent loan to value ratio of 68.6% (as at 30 September 2024). This funding ensured financial stability during the unpredictable environment of the COVID-19 pandemic and continues to support us during the current macro-economic conditions. No dividends to shareholders were declared or paid by the Company in the year.

As HC-One has continued to recover from the impact of COVID-19, against an environment of rising costs, with sustained pressure on publicly funded fees, the Group reported strong financial and operational metrics. We remain fully funded and will continue investing to ensure that everyone who lives and works in our care homes can lead their best lives.

STRATEGIC REPORT (Continued)

REVIEW OF BUSINESS

As at 30 September 2024 the Group provided nursing and residential care to more than 15,000 residents across over 287 care homes (including 37 care homes acquired during the year) in Britain (2023: more than 13,000 residents across 270 care homes in Britain).

At 30 September 2024 the Group's property portfolio was valued at £878.1 million (2023 £855.4 million) which consists of:

a) 215 (2023: 234) operating properties of which 93 (2023: 100) properties are subject to 175-year term
b) 1 land sites owned (2023: 1)
c) 75 leased and managed properties (2023: 39).

KEY PERFORMANCE INDICATORS AND FINANCIAL METRICS

The key performance indicators (KPIs) used by the Group to measure the financial and operational performance of its operating business include average occupancy, average weekly fees, weighted average fee increases, self-pay occupancy, payroll costs per resident per week and EBITDAR at home level. See below the performances and key achievements of the operating business for the year ended 30 September 2024:

- Occupancy movements during the year are shown below:
  - HC-One 92.8% (2023: 90.4%), 2.7% higher than prior year
  - Ideal Carehomes 75.2% (2023: 65.7%), 14.5% higher than prior year
- Average weekly fee movements during the year are shown below:
  - HC-One £1,012 (2023: £924), 9.5% higher than prior year
  - Ideal Carehomes £1,289 (2023: £1,177), 9.5% higher than prior year
- Weighted average fee increases during the year are shown below:
  - HC-One achieved 7.1% during the year
  - Ideal Carehomes achieved 9.2% during the year
- Self-pay occupancy 32.2% (2023: 24.5%), 31.4% higher than prior year;
- Payroll costs per resident per week £645 (2023: £613), 5.2% higher than prior year;
- Vacancy rate % (carers' hours) 5% (2023: 8%), 37.5% lower than prior year.
- Colleague turnover rate % 24% (2023: 29%), 17.2% better than prior year
- External inspection ratings % good or above 87% (2023: 83%), 4.8% higher than prior year
- Home EBITDAR* 22.9% (2023: 19.3%), 18.7% higher than prior year;
- Loss after tax £84,983,000 (2023: £136,394,000) 37.7% lower than prior year;

*Home EBITDAR is earnings before interest receivable and similar income, interest payable and similar expenses, tax, depreciation, amortisation, rent, impairment, onerous lease provision, profit on disposal of tangible fixed assets and exceptional costs.

STRATEGIC REPORT (Continued)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Directors of the Company have overall responsibility for the Group and its subsidiaries in assessing risk and taking appropriate action. Accordingly, the Group risks and policies also apply to the Company.

Credit risk

Our principal assets are bank balances and cash, trade and other receivables and tangible fixed assets.

Our credit risk is primarily attributable to our trade receivables. Trade receivables are reviewed on a regular basis to ensure they are collectable. The amounts presented in the balance sheet are net of allowances for doubtful receivables, which we estimate based on previous experience and assessment of the current economic climate. Also, risk is spread over a large number of customers. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

We have continued to maintain liquidity and sufficient working capital for our ongoing operations and future developments. All committed facilities are monitored and maintained regularly ensuring that all future improvement programmes are met. See accounting policies note 1 for further details.

Price risk

We face uncertainties in relation to average weekly fee increases for the provision of care services in the care homes operated by HC-One Limited, HC-One No.1 Limited, HC-One No.2 Limited, HC-One No.3 Limited, HC-One No.4 Limited, HC-One No.5 Limited, HC-One Management Limited, HC-One No.6 Limited, Ideal Carehomes Limited, Ideal Carehomes (Number One) Limited, Ideal Carehomes (2) Limited, Ideal Carehomes (4) Limited and Ideal Carehomes (5) Limited. The average weekly fee rates are also driven by the number of residents funded by Local Authorities and by private fee payers.

Interest rate risk

We finance our operations through called-up share capital and external debts. The interest rate applicable to the external debt of £611.4 million is fixed at 12.4% per annum as at 30 September 2024.

STRATEGIC REPORT (Continued)

PRINCIPAL RISKS AND UNCERTAINTIES

Our activities are exposed to a number of operational risks, which are listed below:

Reputational Risk

Any serious incident relating to the provision of care services could result in negative publicity and increased scrutiny from regulators, residents and families.

In order to mitigate this risk, we deliver comprehensive and continuous employee training via mandatory and specialist learning and development programme, have independent quality inspectors, carry out a Disclosure and Barring Service check on all care staff and monitor compliance with an industry best electronic system. We also have clear governance processes to report on risks and incidents, and then implement learnings from those events to mitigate the risk of future incidents.

Regulatory Risk

Our operations are subject to a high level of regulation and scrutiny by regulators across the UK. Inspections are largely unannounced and often involve several inspectors per home visit. The failure to meet the appropriate national regulations could lead to a service being placed under special measures, being subjected to enforcement notices or possibly forced to close.

Our central quality team has been realigned to provide enhanced support to operational colleagues to deliver the best possible care for residents and to ensure that we are adhering to the required regulations in place throughout the UK.

To support this approach, we have introduced an improved quality assurance framework which is strengths based and incorporates 'I' and 'we' statements focused on resident safety, experience and governance. Our internal assessment managers work closely with home managers and regional senior leaders to ensure that the outcomes of assessments are clear and any required actions are established and monitored, these actions are reviewed by the internal assessment manager as part of the home's next formal assessment, the date of which is determined by the level of risk identified in the initial assessment.

We have developed a clinical event dashboard which provides assurance and oversight across the organisation and is reviewed regularly by key senior leaders both regionally and organisationally as part of our governance structure. The introduction of new digital care tools, including our new event reporting and quality assurance system, and our new digital care planning system, in addition to our existing eMeds system, provides a greater level of insight than we have ever been able to achieve centrally and enables us to identify and mitigate risks throughout our operations more efficiently than ever before.

We have a robust approach to understanding, learning from and mitigating future risk through our serious event review process, which drives the direction of future improvements and replication of good practice which also provides tangible evidence for our regulators. If a serious event occurs, we undertake a serious event review meeting, comprising operations, and central quality support function colleagues and subject matter experts to understand what has happened, provide any additional support required, and to identify and share learning.

This approach also supports our monitoring and learning from complaints and safeguarding concerns which are all thoroughly investigated, responded to and the lessons learned are appropriately cascaded to share best practice. We have a whistleblowing procedure through which colleagues can raise concerns confidentially either with their manager, their superior, or, a member of the operational team, about how other colleagues are being treated or practices within our business or supply chain, without fear of reprisals.

Colleague Capacity and Competency

There is a risk of not recruiting or developing the right calibre of leadership and/or not developing the core competencies needed to manage an organisation of our scale and complexity. There is also a risk of not having the correct resources in place and establishing the level of carer, manager and clinical capacity and capability, for the unique and personalised levels of care our residents need and/or for which we are commissioned.

We have enhanced our leadership capability in recent years, enabling the cultural changes required to attract even more talent from inside and outside of the sector. We have developed our Leading the HC-One Way model which sets the standard for leadership and supports our leaders to grow in confidence and skills, so they can grow, support and develop others.

Our focus on personal and professional development, rooted in trust-based Growth Conversations, is enabling us to invest in the skills, knowledge and experience we need for today and for the future, and helping our colleagues. We offer a tailored, highly creative and experiential learning experience, starting with our highly acclaimed induction programme, and then ongoing learning and development opportunities that shape and build a solid foundation for a career in care. The development offer also includes a pathways approach to developing aspiring leaders from within our existing colleague community.

STRATEGIC REPORT (Continued)

As our digital transformation journey progresses and we see the implementation of new digital care systems within our portfolio of homes, the upskilling of digital, data and insight-led ways of working is becoming paramount. The need for digital competence across our organisation continues to grow and a risk arises in the pace at which we can develop, as well as recruit, current and future talent in order to maximise the potential of such initiatives. This is being managed through dedicated training provided to colleagues to ensure they are comfortable using the technology in our homes, as well as the introduction of new roles within our business to support with our adoption of these digital systems.

Our overseas nursing programme has been a key channel to bringing in additional nursing skills, as we invest in our clinical capability, alongside initiatives such as our Nursing Assistant Programme and Nursing Preceptorship Programme. The development of our Enhanced Workforce Model during the past financial year is an innovative proposal that we anticipate will go partway to addressing the sector-wide challenges around readily available qualified nurses.

Flexibility, rooted in personalised care and requiring flexible working practices, is behind our investment in Flex Force, an innovative contract which creates consistent monthly income, wrapped in the deployment of hours flexibly across days and homes. This, combined with the push to anchor decisions on resource allocation in our homes, will integrate more flexible practices for delivering care and working practices.

Monitoring of Key Clinical Indicators, notably through the introduction of key digital care products, provides management with a view of acuity and changing care needs, such that changes can be made to the care model as required.

Property Risks

Property risks include the risk of major fire, legionella outbreak, other loss of buildings and major equipment failure. The impact of a major fire could endanger lives of our residents and colleagues. The effect of loss of buildings and/or major equipment failure may result in significant disruption to care services provided.

External fire risk assessments are completed at least every two years with an internal review carried out in between. This highlights any fire risk concerns, be that physical aspects of the building, or elements of operational control. In recent years, full compartmentation surveys have been requested by Fire and Rescue Services and it is expected that further requests for these will be required. Full compliance is targeted for all statutory pre-planned maintenance activities, and this includes fire alarms and gas certification. A programme of colleague training is in place to ensure colleagues are adequately equipped to deal with fire emergencies but also, that they are aware of things that may result in fire. A fire alarm upgrade programme is currently being delivered with circa 10-15 fire alarms being upgraded every year. Legionella testing and a compliance programme is in place in all homes. An overall risk averse approach continues with regards to any significant risk.

A significant and comprehensive pre-planned maintenance schedule exists for all major pieces of equipment. Much of this is legally driven, with a compliance target of 100%. A new compliance focussed computer-aided facility management (CAFM) system was implemented in 2023 and the benefits of this are now being felt in terms of the management of compliance. We have various contingencies in place for a variety of major equipment failure and this has also now been expanded to cover potential risk as a result of extreme weather situations - an example being portable air conditioning units have been purchased for urgent delivery to homes as and when needed.

Cyber Security and Data Protection

Caring with kindness is being revolutionised by the application of new digital technologies and the use of big data analytics. These advancements enhance our colleagues' ability to perform their best work, thereby enabling our residents to enjoy even better lives. However, as the use of digital tools and the sharing of sensitive data increase, so does the risk of cyber-attacks and their operational impact. To mitigate these risks and ensure that technology remains both accessible and secure, HC-One has made significant investments and progress in strengthening our cyber security defences and resilience.

Our Cyber Security Upgrade Programme, led by a newly appointed Head of Cyber Security, has been crucial in driving these improvements. We have collaborated with Microsoft and specialist partners to validate and update our overall cyber security strategy and operational delivery plan. Our efforts have focused on two main areas: Technical and Cultural (behavioural).

From a technical standpoint, we have adopted industry best practices and invested in new licensing and technology, allowing us to transition from a reactive posture to a more preventative, responsive, proactive, and predictive approach. We comply with UK GDPR and the NHS Data Security and Protection Toolkit, demonstrating our commitment to maintaining the highest levels of cyber security, data protection, and privacy. As our organisation becomes more digital, cyber security must be integrated into everything we do, rather than being applied retrospectively as in the past.

STRATEGIC REPORT (Continued)

Culturally, we have prioritised enhancing our cyber and data privacy culture and behaviour through education, awareness, and training programs. These initiatives better equip our colleagues with the knowledge and skills needed to recognise, prevent, and respond to cyber incidents. Additionally, we have established a formal framework for managing and mitigating cyber risk, ensuring HC-One meets its legislative, regulatory, and contractual obligations and adheres to essential industry standards and best practices in information and cybersecurity.

Data privacy management is also a crucial aspect of caring with kindness. Our commitment to data privacy includes transparency about the information we collect and use, as well as collaborating with teams across HC-One to ensure the highest level of protection for our residents, colleagues, and other stakeholders. We adhere to stringent compliance standards to ensure our data privacy practices meet or exceed industry regulations. The HC-One Information Governance Group meets bi-monthly to discuss and assess data privacy and security incidents, risks and issues, escalating them to senior management when appropriate. This group includes HC-One's Data Protection Officer, Senior Information Risk Owner, Caldicott Guardian, and other colleagues from across the business.

We believe that our approach is sector leading. These efforts not only strengthen our cyber security and data privacy but also demonstrate our commitment to protecting our organisation, residents, and their families. Additionally, this benefits our colleagues, suppliers, and partners by safeguarding them against the ever-increasing sophistication of evolving threats.

Legislative changes to Adult Social Care funding arrangements

The previously planned changes to national Adult Social Care funding arrangements, in relation to how an individual funds their care, which could have had a material impact on our business model and profitability, have been shelved by the new Government.

We continue to engage with stakeholders across local, devolved and national governments, care associations and professional bodies to help shape the social care sector, for both current and future needs. We continue to seek to work in partnership with these stakeholders to find more sustainable contracting and commissioning arrangements in order to best utilise the funding that is available to promote the delivery of quality care, in a way that will help encourage the much-needed investment that the sector requires.

We monitor for political and policy developments relevant to our operation and the sector, and contribute to Government research, working groups and consultation exercises.

Potential future pandemics

The impact of a pandemic, like COVID-19, is demonstrably a major risk for those we care for, as well as for our finances and ability to deliver our long-term goals. We continue to work with the Department for Health and Social Care, enabling us to proactively prepare for such events. Our homes continue to be supported by Infection Control Champions and our Infection Control Leads, and this remains a priority. We also promote vaccinations for both flu and Covid-19 for our residents and the flu vaccinations for colleagues.

Furthermore, we perform scenario analysis and modelling of forecasts and cash flows for next five financial years.

STRATEGIC REPORT (Continued)

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006

The Board of Directors of HC-One Topco Limited consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote our success for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1)(a-f) of the Act) in the decisions taken during the year ended 30 September 2024.

The following paragraphs summarise how the Directors fulfil their duties:

Our purpose, strategy and consideration of the consequence of decisions for the long term
Our purpose is to support those in our care to lead their best life. In setting our purpose, our mission is being the first choice for families, our colleagues and our commissioners, serving at the heart of each of our communities.

We bring together specialisms in dementia care and nursing to best meet the circumstances, conditions and choices of individuals. We care with kindness. For us, kindness is more than a word, it is a belief that caring for people means caring about what matters most for them.

We are a public service, privately delivered, that focuses on high quality care for communities all over Britain. This is underpinned by a long-term partnership with the healthcare system and local authorities.

Each year, the Board undertakes an in-depth review of our strategy, including its business plan for the forthcoming five years. The approved plan and strategy form the basis for the financial budgets and investment decisions and also our future strategic direction.

Engaging with our stakeholders
The Board recognises its responsibility to act fairly between all of our stakeholders and its decisions are based on the best long-term interest of stakeholders, considering the balance of financial and operational risk compared with the potential financial returns.

Residents and relatives
At HC-One, the provision of high-quality care and caring with kindness means listening to our residents and their families to learn about what matters most to them. We use this insight, with the support of our digital care planning tools, to tailor the day-to-day clinical care and wellbeing support we provide, so our residents can continue to live a full life for as long as possible. As part of Britain's largest portfolio of care homes, we also have teams of care professionals with expertise in many different types of care services, including residential, nursing and dementia. This means we are able to help more people to lead their best life possible even if their circumstances or condition changes.

Our People
Our people are critical to delivering our strategy and our purpose to support those in our care to lead their best life. This will happen as a direct result of our colleagues believing and experiencing that we are the most fulfilling place to work in the sector. A deep connection with every colleague, each feeling a meaningful sense of belonging to our organisation, trust in our leadership, and believing they can bring their full and best selves to work, are core to the culture we are nurturing. We are proud to support this with ongoing training and development for our colleagues, from nursing to catering, and ongoing investment in pay. This year, supported by a £39 million investment, we increased the rate of pay of our care colleagues by an average of 9%. This builds on increases in pay made the previous year and means that average carer pay has increased by 31% since 2021. Our investments in pay means that almost 90% of care colleagues are now earning the Real Living Wage or above, with all care colleagues able to earn the Real Living Wage after two years of service. In the past year, we also introduced Company Sick Pay (CSP) from day 1, a benefit that leads the sector in terms of seeking to support the wellbeing of our colleagues.

We have codified our Kindness the HC-One Way model. Rooted in a deep understanding of what kind care means to our residents, families and colleagues, this model identifies a set of qualities (the 5 Cs) that underpins everything we do – we are Curious, Compassionate, Creative, Courageous and Counted on. Through these qualities, we empower, challenge, coach and develop our colleagues to provide the kindest care.

We are committed to investing in our colleagues, through pay and reward, as well as a wide variety of learning and development opportunities offered at all levels of the business, so that our colleagues can enjoy a fulfilling career in care at HC-One.

STRATEGIC REPORT (Continued)

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006 (Continued)

Investors

The Board is committed to openly engaging with its shareholders, as it recognises the importance of a continuing and effective dialogue. The Chief Executive Officer, Chief Financial Officer and other members of the Executive team engage with the investors on a monthly basis at Board meetings, so as to provide regular guidance and transparent information, in order for investors to have a good understanding of the business and visibility of their return on investment. It is important to the Board that shareholders understand and help to shape our strategy and objectives. Monthly Board meetings provide for effective governance of the organisation and the opportunity for management to be challenged, questioned, and encouraged, to ensure the effective execution of our strategy, allocation of capital and resource, and return on investment.

Lender and Landlords

Access to cash and debt is essential for us to be able to execute our strategy. The Board is committed to having a positive, transparent and engaging relationship with its lender and landlords on an ongoing basis. The Board provides monthly, quarterly and annual updates to its lender, aligned to relevant facility documents, as well as being engaged in open dialogue and regular progress updates.

Commissioners

With the majority of our residents funded through public sector commissioning organisations, our commissioning relationships are imperative to our organisation and our ability to execute our strategy. We strive to be the first choice for our commissioners and to be sought out as a partner of choice. We are committed to developing and maintaining strong relationships with our commissioners, through regular meetings, discussions and negotiations. As the demand for care is evolving, with more complex needs, we are working with our commissioning partners to identify how the demand is changing, and how we can work together to address it. We endeavour to be a trustworthy partner and key component of the local health and social care landscape. Working in partnership with commissioners, as well as policy makers, we want to create a sustainable and better organised system delivering quality care, meeting the needs of individuals and communities so that more people can lead their best life.

Our Suppliers

Our suppliers and business partners are essential in delivering high-quality sustainable services to our residents. To do this, we need to develop and maintain strong relationships and provide regular communication through feedback and performance reviews. We value all our suppliers and have multi-year contracts with key suppliers. We understand the requirement for our suppliers to feel assured of the credit worthiness of their customers and we work closely with each of them to deliver a mutual desired outcome in terms of payment practices.

Our Regulators

Our regulators inspect each of our homes and report as to whether they are deemed to be compliant with the regulations, and we are also rated in both England and Scotland. As at 30 September 2024, overall 87% of our homes across Britain were rated ‘Good’ or ‘Outstanding’ (or equivalent) and no homes rated ‘Inadequate’ (or equivalent). Broken down by country, in England 85% of our homes are rated ‘Good’ or above by CQC, and in Scotland this has increased to 94% as rated by the Care Inspectorate. 100% of homes in Wales are ‘Compliant’ as rated by the Care Inspectorate Wales. Any weaknesses in compliance are taken extremely seriously by the Board, the Executive and the individual care home. The operations and quality teams work together with each regulator to ensure rapid corrective action. We also have our own internal quality assessment regime, which is continually assessing our homes against high standards focused on safety, quality and experience. Our regulators need to feel assured that high quality care is being provided in every care home and that regulations and procedures are being complied with, to mitigate risks to our residents.

It is vital that we adhere to the high standards of our regulators, whilst empowering our colleagues to be able to support our residents to live the life they want. We proactively engage with our regulators to assure them of quality at all levels, and to keep them up to date with organisational developments, such as the on-going nursing workforce programme.

Our workforce regulators

In addition to our external regulators focussed on the quality of care, we have three external regulators who focus specifically on our workforce. The Nursing and Midwifery Council regulate our nursing and nursing associate workforce throughout Scotland, England and Wales. Additionally in Scotland, the Scottish Social Services Council regulate all care staff (both direct care and managerial roles) and Social Care Wales undertake this role and responsibilities for all direct and managerial roles throughout our services in Wales.

STRATEGIC REPORT (Continued)

Our registered professions compliance manager is a dedicated resource within our Central Quality function, liaising, advising and supporting our Operations and Human Resources colleagues in matters relating to these three external workforce regulators. This includes when concerns arise about the safety of registered professionals to practise and when a referral through the fitness-to-practise route may be necessary. To ensure compliance with the requirement of all three regulators, detailed HC-One policies and procedures have been developed for all colleagues. Additionally, regular workshops and information sessions are provided for all interested colleagues, including external speakers from our workforce regulators.

Community and Environment
Our mission is to be the first choice for families, our colleagues and our commissioners, serving at the heart of each of our communities. The Board endeavours to ensure that the business acts ethically and in an environmentally conscious manner and previously commissioned a review of our environmental footprint on which to build a strategy to achieve a sustainable business. We strive to meet the care needs of our communities and ensure that each and every one of our homes provide a safe, homely, friendly and fun place to be, along with ensuring a positive impact to the community in which they sit. Each of our care homes hold open days, family days and engage with various local groups, for example, schools and churches. This helps the communities not only to engage with the residents in our care but also to give a sense of purpose, fun and coming together.

EMPLOYEE VOICE

We are committed to both the principle and realisation of equal opportunities regardless of age, disability, ethnicity, race, religion or belief, sex, sexual orientation, gender reassignment, marriage and civil partnership, pregnancy and maternity or any other characteristic protected by law. Through the development of our Equity, Diversity & Inclusion Strategy during the past year, we also seek to go beyond statute law by creating an environment which seeks to recognise and support all diversities; however, one may identify.

It is our aim to provide rewarding and progressive careers for colleagues, as well as to attract people of the highest calibre. We provide learning via a series of learning and development programmes, are building clinical and non-clinical career pathways, and continually innovate in the area of pay and benefits. In addition to remuneration, all colleagues are eligible to be nominated for a 'Kindness in Care Award', acknowledging and celebrating individuals and teams within our care homes that always 'go the extra mile' to deliver the kindest care.

We are also invested in our relationship with the GMB Union, which is important for colleagues who choose to be represented by a trade union. We view this relationship as one amongst many, where we seek to build strong stakeholder networks, encompassing the views, and insights of all colleagues. The voice of our colleagues is also captured through our Feedback, Understand, Solve, Evolve (FUSE) Forums and our Colleague Surveys, these supporting our goal to be a truly listening and learning organisation, where colleagues thrive and whose voices are shown to matter.

The table below provides a breakdown of the gender of Board members, senior management and employees at the end of the financial year:

	Males	Females
Board members	8	2
Senior Management	4	6
Group employees	3,887	15,547

EQUITY, DIVERSITY AND INCLUSION (ED&I)
In the past year we have developed an ED&I Strategy for HC-One, where it is our ambition to see – through our demonstration of organisational qualities anchored on kindness – the upholding of our ED&I purpose: Be Kind, Belong and Thrive. This aims to build a capability which ensures that we not only uphold our statutory obligations associated with the Equality Act 2010, but that we also seek to go further through the development of content (e.g., inclusive hiring practices), connection (e.g., through new ED&I committees and networks) and capability (e.g., processes and leadership).

Disabled Employees
Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned and requirements of the role. We operate an Occupational Health referral service which helps to provide support in identifying potential reasonable adjustments to accommodate colleagues' needs. In the event of colleagues becoming disabled, every effort is made to ensure that their employment with us continues, reasonable adjustments are considered, and that appropriate training is arranged. It is our policy that the training, career development and promotion of disabled persons should, as far as possible, be equitable to that of all colleagues.

STRATEGIC REPORT (Continued)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

We maintain our responsibility and sustainability approach towards residents, employees, the environment and the community. We are committed to the long-term sustainability of the business operations, through the delivery of policy and programme, and have started a clear Environmental, Social and Governance (ESG) Strategy by which we will reduce our carbon footprint and ensure our business operates in a long-term sustainable way. We have also established a clear governance oversight group to ensure the Strategy and supporting actions are being measured and achieved.

During the course of 2024, we successfully undertook decarbonisation projects across seven homes. The works carried out included;

- Installation of Solar PV
- Thermal imaging surveys to identify heat loss
- Removal of gas from laundry and kitchens (installation of ASHP tumble dryers)
- LED (circadian effect) lighting upgrade
- Installation of EV chargers
- Insulation top ups

These works have had a positive impact in terms of reducing carbon and also improving the EPC rating for the homes. A further 25 projects are planned for 2025 and 2026.

Quality and Health & Safety

The Group is committed to delivering a healthy and safe workforce and minimises impact to the environment. This includes formal training programmes and risk assessments. The Quality and Safety Committee provides leadership and direction to the Group and covers the three vital components needed to support the provision of kindest care, Safety, Quality and Compliance with statutory duties and regulatory standards. The Quality and Safety Committee meets quarterly to review the key health and safety, safeguarding and clinical quality issues and risks across the business; this Committee is supported by the monthly Organisational Governance Group.

Residents and Employees

The Group is committed to challenging discrimination and harassment and promoting equality, supported by our Equality, Diversity & Inclusion Lead. We are also committed to ensuring that the environment for the workforce and residents is free from harassment and bullying and every individual involved is treated with respect and dignity with the opportunity of escalating any concerns through a whistleblowing service.

Human rights

We believe in individual human rights. We are committed to supporting human rights through the compliance with law and regulations in all aspects of policies and business operations.

Environment

We recognise the importance of good environment practice:

- We have maintained an effort to purchase goods and services with the least environmental impact. We continue to improve waste conversion and recycling collections.
- Our refurbishment works have, where possible, considered the use of low energy lighting, use of new hot water and heating systems at higher efficiency and other energy savings schemes.

We are committed to improving further the environment we operate, through objectives and target setting and these have been developed further in the Environmental, Social and Governance Strategy. We are committed to working collaboratively with our supply chain as part of this work and have created a Supplier Engagement Strategy which will be implemented through 2025.

Community

Community integration is a central part of our care home operation. We achieve positive community integration through developing strong links with local groups, churches, sheltered housing and assisted living developments, schools and charities.

STRATEGIC REPORT (Continued)

UK CLIMATE-RELATED FINANCIAL DISCLOSURE ("UKCFD")

The energy used by the Group in the year ended 30th September 2024 is as follows:

SECR Disclosure	**FY22-23**	**FY23-24**	**Delta**
Scope 1	tCO2e	tCO2e	%
Natural Gas	23,827	24,329	2%
Owned and Operated Vehicles	230	512	123%
Other Fuel	488	433	(11%)
Total Scope 1	**24,545**	**25,274**	**3%**
Scope 2			
Location Based	10,286	11,248	9%
Solar (Self Generated)	(320)	-	
Total Scope 1&2 Location Based	**34,511**	**36,522**	**6%**
Total Energy Consumption, kWh	**185,796,964**	**194,940,811**	**5%**
Scope 3			
Grey Fleet (Expensed Mileage)	723	639	(12%)
Business Travel (Hotel, Trains and Planes)	-	132	
Total Scope 3	**723**	**771**	**7%**
Total Scope 1,2&3 Location Based	**35,234**	**37,293**	**6%**
Emission intensity (tCO2e/available bed)	2.32	2.28	**(2%)**
Emission intensity (tCO2e/occupied bed)	2.54	2.53	**(1%)**

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The associated CO2 emissions amounted to 37,393,000 Kilograms. The intensity measure used by the Group is Kilograms of CO2e per registered bed. On this measure, the intensity value for the year ended 30th September 2024 is 2.28tCO2e per registered bed, a reduction of 2% on the prior year. The data has been collected and provided by an external energy management company who manage the Group's energy billing, reporting, data and cost validation on a day-to-day basis. The prior year comparative figures have been restated under new methodology.

We take our impact on the global climate seriously, recognising the importance of good environmental practice. Where possible, we are committed to adopting energy efficiency measures to help reduce our impact on climate change and also recognise the need to increase the focus on sustainability within a 24-hour 365-day operation. A strategy aimed towards achieving Net Zero Carbon is now incredibly important. Our decarbonisation projects have included the installation of Solar PV, thermal imaging surveys to identify heat loss, the removal of gas from laundry and kitchens (installation of ASHP tumble dryers), undertaking LED (circadian effect) lighting upgrades, the installation of EV charger and insulation top ups.

STRATEGIC REPORT (Continued)

Climate-related financial disclosures

We have clear governance arrangements in place for assessing and managing climate-related risks and opportunities which are embedded within our risk management framework and considered alongside all of our corporate risks. Climate-related risks are identified and reported through our governance structure, which includes the ESG Advisory Group, to the Organisational Governance Group which is responsible for reviewing risks across our business. The strategically important risks are then reported to our Executive Risk Committee and in turn to our Board Performance Committee which has delegated responsibility on behalf of the Company to oversee strategic risks. We actively review our corporate risk register on a quarterly basis and many of the risks identified include the direct or indirect impact of climate-related issues.

The process for identifying, assessing and managing climate-related risks is part of our risk management framework which covers the identification of key risks across our organisation. In summary, each area of the organisation undertakes an ongoing and robust assessment of risk, including those relating to climate, and determines whether proportionate and effective control measures are in place to mitigate and manage such risks.

As a socially responsibly care provider, all of our categories of risk contain an element of climate-related issues to a greater or lesser extent, such as Strategic, Legal & Regulatory, and Health, Safety & Environmental. In addition, we have an ESG Advisory Group focussing specifically on ESG issues, including climate-related risks and opportunities. Key risks and issues are raised at the Organisational Governance Group, which in turn reports to the Executive Committee and ultimately the Board.

The table below summarises the principal climate-related risks and opportunities arising in connection with our operations, the time periods by which those risks and opportunities are assessed, and a description of the actual and potential impacts of the principal climate-related risks and opportunities for our business model and strategy.

Risk Type	Risk posed	Timeframe	Mitigations	Opportunity
Weather-related events – acute	An extreme weather event such as fire, flood or heatwave that adversely impacts the running of our homes, our colleagues' ability to work and/or our supply chain	Short and Mid term	1. Robust contingency and business continuity plans in place at both home and organisational level 2. Applying better technologies and building methodologies to better withstand the weather-related impacts of climate change	By creating buildings and supply chains that can better withstand weather-related events, our organisation will become more resilient and sustainable.
Weather-related events – chronic	Permanent changes in weather patterns such as rising temperatures and water levels impacting the running of our homes and/or our supply chain, including access to energy	Long term	1. Utilising technologies to both build new homes and develop existing homes to adapt to changing environments across the UK 2. Working with local and diverse suppliers and verifying their capacity to adapt to changing environments 3. Removing the reliance of gas within our asset base by 2040, and moving to renewable, sustainable sources of energy	Using lower carbon technologies and sustainable suppliers will ensure our assets remain attractive for long term investment, as well as reducing our energy costs.
Policy	Regulatory change may impact i) the longevity of our physical assets, and ii) our ability to meet environment-related standards required as part of the overall regulations for the services we provide, both of which would have an impact on the value of our business	Mid and Long term	1. Taking action now to pre-empt regulatory requirements and working with developers, landlords and regulators to ensure our assets and services are fit for the future	By creating a sustainable asset base and service model, we will be able to attract long term investment to continue innovating and providing our residents with their best life.
Technology	Not implementing lower-carbon technologies in our homes and services which then impacts our ability to meet the regulatory and	Long term	1. Investing in and utilising technologies to both build new homes and develop	Using lower-carbon technologies in our homes and services may provide opportunities for

STRATEGIC REPORT (Continued)

Risk Type	Risk posed	Timeframe	Mitigations	Opportunity
	commercial demands on our business		existing homes to ensure a sustainable business model	decreased costs and increased revenue. Government intervention may support the use of such technologies and increase the cost-effectiveness of doing so.
Market	Failure to recognise market trends driven by climate change, resulting in a failure to meet changing consumer, employee, investor and public procurement demands	Mid and Long term	1. Listening to and working with our residents, employees and other stakeholders to understand their requirements and develop solutions 2. Evidencing the changes we are making to demonstrate our commitment to meeting our goals	New consumers, colleagues and investors may be attracted to our services as a result of our approach to climate related issues
Legal & Reputation	Failure to engage with, and take action in respect of climate-related issues is likely to negatively impact our reputation and brand	Mid and Long term	1. Meeting legal and regulatory requirements in a timely and sustainable way 2. Evidencing our actions to key stakeholders	A regulatory judgement enforcing climate-related requirements on others may make our ability to provide lower-carbon and sustainable services more attractive

We engaged a leading consultancy to assist the development of our ESG strategy, and we have listened to both internal and external stakeholders to understand the ESG topics which are most relevant to us. The key elements of our business which need to be resilient to climate change are the physical properties themselves, how we consume energy, and the indirect impact of our supply chain not considering different climate-related scenarios that may impact their ability to supply the required services.

We have focussed on the most relevant and significant scenarios impacting our business, which will expand as our methodologies and understanding develop. Examples of these scenarios are:

1. If new regulations require us to reduce our carbon emissions more quickly, we are prepared for this in several ways. We maintain an open dialogue with our suppliers to ensure they remain confident of reacting to potential new regulations in good time. Those suppliers who are unwilling or unable to work to our net zero target by 2040 will be phased out over the coming years. In addition, we continue to progress our roadmap for net zero carbon in our physical assets by 2040 and as part of this, we are identifying where action could be accelerated if required.
2. If our assets are impacted by extreme weather conditions such as floods, fires and heatwaves, we have detailed business continuity plans at both home-level and as an organisation. All homes identified as at risk from extreme weather events have been supplied with the appropriate preventative equipment and clear guidance on when and how to use it, such as flood defence barriers, portable air conditioning units and power generators.
3. If we were to experience another pandemic, we have developed robust plans to identify potential outbreaks, mitigate the risk of such outbreaks, and limit the spread of any infections to the extent possible to do so.
4. If supply chains do not properly prepare for different climate-related scenarios as a result of changing global weather conditions, we are working closely with our suppliers to ensure they have adequate disaster recovery plans in place to ensure a continuous supply of food and other goods to our homes, such as PPE. We have been working closely with key suppliers to understand what risk mitigation plans are in place and to ensure alternative suppliers if required.

We are working towards a 90% reduction in our annual emissions by 2040, with the intention that the residual emissions then being offset with verified annual credits.

Achieving this target will require a fundamental shift in our operations across the organisation, with responsibilities for delivering the actions embedded within appropriate functions. We will adopt regular progress reporting through the key performance indicators set out below to ensure we are held to account for achieving the target set, within interim milestones for the short, mid and long term.

STRATEGIC REPORT (Continued)

Topic	Indicator	Measurement	Associated risk
Net Zero Carbon	Scope 1, 2 & 3 emissions	Kg CO2c by £/turnover	Weather-related, Market, Policy
	Onsite gas consumption	% assets	Technology, Market, Policy
	Green Electricity Purchase	% assets	Technology, Market, Policy
	EPC ratings	% assets at EPC Band B or above	Technology, Market, Policy, Legal & Reputational
Waste	Total waste generation	Kg waste	Technology, Market, Policy
	Reduction in single use plastics	Number of initiatives	Technology, Market, Policy
Water	Operational water	Litre per day per resident	Market, Policy
Sustainable transportation	What % of business travel bookings are made through the centralised system	% of bookings by spend	Market, Policy
	Active EV charging spaces	% of parking spaces	Market, Legal & Reputational

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events since the balance sheet date are contained in note 26 to the financial statements.

STRATEGIC REPORT (Continued)

FUTURE BUSINESS DEVELOPMENTS

We continue to invest heavily in our workforce and portfolio to ensure we offer the best possible environments through which we can deliver high quality and kind care. We aim to be the first-choice care home provider in each community we serve, and we continue to enhance relationships with Local Authority and NHS Commissioners to be a trusted partner within increasingly integrated and area specific health and social care systems.

Going forward, we want to build on the progress made this year including occupancy recovery, workforce retention, quality performance, expanding our digital capabilities and the service lines we offer. We are excited to continue with our strategy, with the support of the Board, and this includes continuing to invest in:

- Our colleagues: including continuing to progress our new-starter colleague journey, expanding our flexible working offering, and progressing our Enhanced Workforce Model, which we anticipate will help to address the sector-wide challenges around readily available qualified nurses.
- Our environments: including continuing with our comprehensive refurbishment and upgrade programme, our decarbonisation projects, and bedroom capacity expansion project.
- Our core services: including nursing and dementia.
- New services we are developing: including expanding on our Specialist Dementia Care Community model into new geographical markets, as well as developing our self-funded all-inclusive residential care model, which builds on our Ideal colleagues' experience of supporting people with lower acuity care needs to live an active lifestyle, and expands the choices that we can offer to people throughout their care journey.
- Our digital transformation journey: including progressing the roll out of our digital care planning system and working towards an integrated digital care platform, which would truly enhance how we care for residents.

We have enhanced our portfolio over recent years, identifying communities where we can have the best impact, and identified homes that would be better supported by a different provider. We are always considering how best we can continue to meet the evolving needs of the communities we serve and be the first-choice care provider, including exploring the careful addition of modern new homes that will appeal to both private and publicly funded residents and further enhance the attractiveness of the assets to residents, families and commissioners, following the successful integration of the Ideal homes. At the same time, we have also continued with our previously announced programme of selling homes that we identified as being better served by alternative operators. This enables us to focus our resource and investment in communities where we believe we can have the biggest positive impact.

As before, the increase in payroll costs, allied with the widely reported rising costs, will contribute to an increase in the fee rates we charge to residents. We will continue to play a leading role in the debate about the cost of care, and work with Local Authorities, the NHS and other key stakeholders to drive a more integrated approach for providing health and social care to an increasingly older population with higher acuity.

STRATEGIC REPORT (Continued)

GOING CONCERN

In assessing the basis of preparation of the financial statements for the year ended 30 September 2024, the Directors use our anticipated future cash flows and undertake a range of sensitivities to identify any plausible situations which could put pressure on our ability to continue as a going concern. In challenging the Directors' assessment in respect of the going concern statements, which were based on anticipated future cash flows agreed by the Board as part of our planning process, the Directors focused on our headroom within our financial covenants and the liquidity available in the Group. The period of assessment is considered to be at least 12 months from the date of approval of these financial statements.

On 5 October 2023, the group took out an additional term loan of £65m which was used to fund the Ideal Carehomes acquisition completed on 12 October 2023. The loan maturity date was extended to 10 October 2028. As at 30 September 2024, the loan outstanding amount was £611.4m and a tranche 2 loan facility of £12m is not yet drawn. This loan is a mortgage without which we would pay rent.

The Directors have undertaken a rigorous assessment of going concern and liquidity, taking into account financial forecasts, as well as the potential impact of key uncertainties and sensitivities on our future performance. In making this assessment, the Directors have considered our existing debt levels, the committed funding and liquidity positions under our debt covenants, our ability to generate cash from trading activities and our working capital requirements. The Directors have also identified a series of mitigating actions that could be used to preserve cash in the business should the need arise.

The basis of the assessment continues to be the Board-approved business plan. The business plan is prepared annually for the next five-year period and is based on a bottom-up approach to all of our existing operations, potential new operations and administrative functions. As part of the planning process, consideration was given to occupancy growth, fee pricing, labour usage and labour pricing.

The Directors believe that appropriate sensitivities in assessing our ability to continue as a going concern are to model reductions in occupancy growth; lower fee increases; increased labour usage; and increased labour pricing. The Directors believe that a stress test of these sensitivities to assess the headroom available under our debt covenants and available liquidity provides meaningful analysis of our ability to continue as a going concern. Based on the headroom available, the Directors are then able to assess whether the reductions required to breach our financial covenants, or exhaust available liquidity, are plausible.

This stress test shows that, even after assuming a reduction in occupancy growth; lower fee increases; increased labour usage; and increased labour pricing, we can still retain sufficient liquidity to meet all liabilities as they fall due and remain compliant with our financial covenants.

Consequently, the Directors are confident that we will have sufficient funds to continue to meet our liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Mr D Smith
Director
27 February 2025

Registered office address:
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3rd Floor Whitehall House
238 North Church Street
Grand Cayman
KY1-1107
Cayman Islands

DIRECTORS REPORT

The Directors present their Directors' Report for the year ended 30 September 2024 which they have elected to prepare as if the UK Companies Act 2006 for such a report applied to them.

CORPORATE STRUCTURE

HC-One TopCo Limited ("the Company") is a private company limited by shares and was incorporated in the Cayman Islands on 9 April 2021 under company registration number 374184 (or UK company registration number FC038602). The registered office address is given on page 1.

The Directors regard Skyfall LP as the ultimate parent undertaking, and Skyfall GP Limited as the ultimate controlling party. Both organisations are registered and incorporated in the Cayman Islands.

The corporate structure is predominantly backed by funds from Safanad Limited, a global investment firm that invests in property, private and public markets.

In accordance with FRS102, the results of the group have been prepared using merger accounting principles applicable for group reconstructions. Under merger account the results and the cash flows of the group are combined from the beginning of the financial period in which the merger occurred. The Strategic report and Directors' report have been completed for the group as if it has always existed.

PRINCIPAL ACTIVITY

HC-One Topco Limited ("the Company") acts as a holding company, which conducts corporate activities on behalf of the Company and its subsidiaries ("the Group"). The Group owns care homes which are managed by the operating subsidiaries HC-One Limited, HC-One No.1 Limited, HC-One No.2 Limited, HC-One No.3 Limited, HC-One No.4 Limited, HC-One Management Limited, HC-One No.5 Limited, HC-One No.6 Limited, Ideal Carehomes Limited, Ideal Carehomes (Number One) Limited, Ideal Carehomes (2) Limited, Ideal Carehomes (4) Limited and Ideal Carehomes (5) Limited, which provide nursing, residential and domiciliary care for the elderly in the UK.

The Directors intend to continue these activities in the forthcoming year.

Details of disabled employees' policy and of the principal risks and uncertainties, including financial and credit risks, are provided within the Strategic Report.

EMPLOYEE VOICE

Details of employee voice can be found in the Strategic Report on pages 2-18 and part of this report by cross-reference.

FUTURE DEVELOPMENTS AND EVENTS AFTER THE BALANCE SHEET DATE

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 2-18 and form part of this report by cross-reference.

DIRECTORS REPORT

BOARD COMPOSITION

The board of HC-One Topco Limited comprises of ten directors whose biographies are shown below. The board meets on a quarterly basis with all board members receiving a board report prior to each meeting including financial and operational information. On the basis that most of the strategic direction, financial performance and risk management of the Group are the responsibility of HC-One TopCo Limited.

DIRECTORS

The Company's Directors, who served throughout the year and to the date of signing, were as follows:

Directors	
Ms K Adamek Cholewa	Ms Adamek Cholewa was appointed as a Director in October 2021. Ms Adamek Cholewa serves as the Co-Head of the Portfolio and Asset Management team at Madison International Realty, with responsibility for the asset management of Madison's domestic and international investment portfolio. Ms Adamek Cholewa graduated with an MBA from New York University and a BS in Finance from Northern Arizona University.
Mr K A Bahamdan	Mr. Bahamdan was appointed as a director in April 2021. Kamal Bahamdan is the Founder and Chief Executive Officer of Safanad. Since 2002, Mr. Bahamdan has also been the CEO of the Bahamdan Group, a global investment holding group, where he is responsible for expanding its activities from a largely industrial base into telecommunications, education, infrastructure and retail across the MENA region by building investment and operating platforms. Prior to that, he was co-founder and managing partner of the BV Group, a private equity investment firm formed in 1995, focused on technology and real estate investments, and operating in the US, Europe and Asia. Mr. Bahamdan is a five-time equestrian Olympian and a bronze medalist in the 2012 Olympic Games. He was named a Young Global Leader 2006 by the Forum of Young Global Leaders, an affiliate of the World Economic Forum. Mr. Bahamdan is a graduate of Boston University with a B.Sc. degree in Manufacturing Engineering.
Dame Ruth Carnall	Dame Ruth was appointed as Director in September 2022. Dame Ruth has over 40 years' experience in health care at some of the highest levels of executive and strategic leadership, including seven years as Chief Executive of NHS London, where she oversaw a significant transformation programme. A well-known leader in independent consultancy, with extensive Board experience, Dame Ruth has provided strategic advice to leaders in health and care at national, regional, and local levels both in the UK and overseas. She has served as a Non-Executive Director of the Cabinet Office Board and has been Vice Chair of healthcare think tank, The King's Fund. Ruth was made a Dame Commander of the British Empire in 2011 for her achievements in health care.
Mr Z Dannaoui	Mr Dannaoui was appointed as Director in April 2021. Mr Dannaoui holds a LLM degree in Law from the James E. Rogers School of Law and LLB in law from the Holy Spirit University school of Law. After practising law as managing partner with a Middle-Eastern regional law firm, he has held several senior management positions with global investment firms.
Mr M Oh	Mr Oh was appointed as Director in April 2021. Mr Oh is a Director on the Private Equity team at Safanad, Inc. and is focused on investments across healthcare and other sectors. Mr. Oh holds a B.A. degree, cum laude, in Mathematics from Dartmouth College and an M.B.A. degree from Harvard Business School.
Dr C Patel	Dr C Patel was appointed as a director in April 2021. Having joined HC-One Ltd as Chairman in September 2011. Prior to joining the Group, Dr Patel was a CEO and architect of the modern Priory Group, the UK's largest independent specialist mental health and education services group, CEO of Westminster Health Care Ltd and CareFirst. Dr Patel has over 30 years' experience in health and social care and has led and advised some of the largest care providers in the UK. Dr Patel is also the Founder Chairman of Elysian Capital a UK mid-market Private Equity partnership managing Elysian Capital Funds 1 & 2. Dr Patel is a Fellow of the Royal College of Physicians. Dr Patel was awarded a CBE in 1999.

DIRECTORS REPORT

Ms P Patel	Ms Patel was appointed as a Director in July 2024. Ms. Patel is a Managing Director at StepStone Real Estate, with responsibility for overseeing StepStone Real Estate's investment activity in Europe. Ms. Patel graduated with an MBA from Harvard Business School and a BS in Economics from the Wharton School at the University of Pennsylvania.
Mr D Smith	Mr Smith was appointed as a director in April 2021, having joined HC-One Ltd as Finance Director in 2011. Mr Smith is a Chartered Accountant with over 20 years' experience in the social care sector. Mr Smith's experience includes several refinancing transactions, acquisitions and disposals of multiple companies, implementation of capital structures and equity raising. Previously Mr Smith spent ten years at PriceWaterhouseCoopers working in the UK, Saudi Arabia and the US.
Mr A Trickett	Mr. Trickett was appointed as a director in April 2021. Andrew Trickett is Managing Director, Investment Management (U.S. and Europe) at Lendlease. Prior to this, Mr. Trickett was Head of Investments and Member of the Executive Committee at Safanad. Mr. Trickett previously held the position of Senior Managing Director, Investments, at Oxford Properties Group, where he was responsible for acquisitions, dispositions and global new business development. He has been involved in significant international real estate transactions (both debt and equity) and has a transaction track record in excess of US $35 billion. Mr. Trickett holds a BComm. degree from Queen's University in Ontario, Canada and has completed various executive education programs at Harvard Business School.
Mr J Tugendhat	Mr Tugendhat was appointed as a director in April 2021. Mr Tugendhat joined HC-One as Chief Executive in September 2020. Prior to joining the Group, Mr Tugendhat was a Managing Director of Bright Horizons Family Solutions, a global market leader in early years' care, where he managed over 10,000 employees, operating across 400 sites in five countries. Before that he spent more than 10 years in healthcare, including three years based in Boston, as chief executive of Health Dialog, a pioneer of population health and chronic disease management. Over his career, in addition to holding various management positions in divisions of BUPA, which acquired Health Dialog, he has held leadership roles in the consumer sector at Diageo and Method. Mr Tugendhat also served as a Non-Executive Director of the Royal Free London NHS Foundation Trust for seven years and is Non-Executive Chair of Noah's Ark Children's Hospice.
Mr A Whitman	Mr Whitman was appointed as Director in April 2021. He is the founder and Chairman of Formation Capital, a leading equity investor in the senior housing and care industry, and Co-Chairman of Genesis HealthCare. Most recently, he has become a partner in Aging2.0, a platform for innovation and technology for seniors. For over 15 years, Mr. Whitman has strategically led Formation Capital in its growth and execution of over $6 billion in transactions. Mr. Whitman serves on the board of Trident USA Health Services. He is also a current board member and Chairman Emeritus of the National Investment Centre for Seniors Housing and Care Industries (NIC). His other interests in the "seniors" business include being a Principal in Primecare Properties, and a board member of Care Institute. Mr. Whitman's career has allowed him extensive speaking engagements both domestically and internationally. He has written and been featured in many publications including National Real Estate Investor, McKnight's Long Term Care News, SeniorCare Investor, Contemporary Long Term Care, Assisted Living Today, Modern Healthcare and Real Estate Forum.

DIRECTORS REPORT

THIRD PARTY INDEMNITY PROVISIONS

The Company has made qualifying third party indemnity provisions for the benefit of the Company's Directors and the directors of all its other subsidiaries, which were made during the year and remain in force to the date of this report.

POLITICAL CONTRIBUTIONS

The Group and the Company made no political donations during the year (2023: £nil).

DIVIDENDS

The Company has declared and paid dividend for a total sum of £nil during the year.

AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

1) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
2) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006 applicable to overseas companies.

COMPLIANCE WITH WALKER GUIDELINES

The Directors consider the annual report and financial statements to comply with all aspects of the Guidelines for disclosure and transparency in Private Equity.

Approved by the Board and signed on its behalf by:

Mr D Smith
Director
27 February 2025

Registered office address:
C/O IQ EQ Corporate Services (Cayman) Limited
3rd Floor Whitehall House
238 North Church Street
Grand Cayman, KY1-1107, Cayman Islands

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors of HC-One Topco Limited ('the directors') are responsible for the preparation of consolidated financial statements for the year ended 30 September 2024 in accordance with the requirements of the UK Companies Act 2006 as applicable to overseas companies, which are intended by them to give a true and fair view of the state of affairs of the group and of its profit or loss for that period. In addition, they have elected to present parent company financial statements, including the associated notes as if the UK Companies Act 2006, including the exemption from presenting the parent company profit and loss account under S408, applied to the company, which is intended to give a true and fair view of the state of affairs of the parent company. The have decided to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable UK accounting standards have been followed; subject to any material departures being disclosed and explained in the financial statements;
- assessed the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- used the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

In addition, the directors have elected to prepare a Director's Report as if the UK Companies Act 2006 for such reports applied to them.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HC-ONE TOPCO LIMITED

Opinion

We have audited the financial statements of HC-One Topco Limited ("the Company") for the year ended 30 September 2024 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2024 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as if those requirements were to apply.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and the terms of our engagement letter dated 30 July 2024. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the Company or to cease its operations, and as they have concluded that the group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group and Company's business model and analysed how those risks might affect the group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group's or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, and management, as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and board performance committee minutes.
- Considering remuneration incentive schemes and performance targets for senior management and directors.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as the valuation of properties within the group. On this audit we do not believe there is a fraud risk related to revenue recognition because of a lower risk that fee income is misstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those unusual postings to revenue, unusual postings to cash and loans, unusual postings to investment property, and unusual postings to investments in subsidiaries.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and UK Care Standards as defined by the Care Quality Commission, Care and Social Services Inspectorate Wales and Care Inspectorate (Scotland), and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, general data protection regulation (GDPR), anti-bribery, employment law, and environmental protection legislation, recognizing the nature of the group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information, which comprises the Director's Report and Strategic Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Directors' responsibilities

As explained more fully in their statement set out on page 23, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our report has been prepared for the company solely in accordance with the terms of our engagement. It has been released to the company on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the company's own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the company determined by the company's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the company for any purpose or in any context. Any party other than the company who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

Clare Partridge

for and on behalf of KPMG LLP
Chartered Accountants
Quayside House
110 Quayside
Newcastle-upon-Tyne
NE31 3DX

27 February 2025

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 30 September 2024

	Notes	Ordinary activities 2024 £'000	Exceptional costs (Note 9) 2024 £'000	Total 2024 £'000	Ordinary activities 2023 £'000	Exceptional costs (Note 9) 2023 £'000	Total 2023 £'000
Turnover	3	844,162	-	844,162	666,815	-	666,815
Cost of sales		(766,268)	(5,930)	(772,198)	(629,701)	(31,107)	(660,808)
GROSS PROFIT		**77,894**	**(5,930)**	**71,964**	**37,114**	**(31,107)**	**6,007**
Administrative expenses		(40,514)	(5,735)	(46,249)	(37,900)	(5,272)	(43,172)
OPERATING PROFIT/ (LOSS)		**37,380**	**(11,665)**	**25,715**	**(786)**	**(36,379)**	**(37,165)**
Loss on disposal of tangible fixed assets		(3,703)	-	(3,703)	(3,499)	-	(3,499)
Downwards revaluation on properties	9	-	(17,261)	(17,261)	-	(26,514)	(26,514)
Interest receivable and similar income	6	127	-	127	93	-	93
Interest payable and similar charges	7	(112,621)	-	(112,621)	(94,401)	-	(94,401)
LOSS BEFORE TAXATION	8	**(78,817)**	**(28,926)**	**(107,743)**	**(98,593)**	**(62,893)**	**(161,486)**
Tax on loss	10	22,760	-	22,760	25,092	-	25,092
LOSS AFTER TAXATION FOR THE FINANCIAL YEAR		**(56,057)**	**(28,926)**	**(84,983)**	**(73,501)**	**(62,893)**	**(136,394)**

Results are wholly derived from continuing operations, as per note 3 to these accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2024

	2024 £'000	2023 £'000
LOSS FOR THE FINANCIAL YEAR	**(84,983)**	**(136,394)**
Upwards revaluation on properties	130,659	95,856
Downwards revaluation on properties	(39,562)	(60,790)
Deferred tax charge	(24,198)	(8,767)
TOTAL OTHER COMPREHENSIVE EXPENSE	**(17,562)**	**(110,095)**
Loss for the year and total comprehensive expense attributable to equity shareholders of the Company	(18,084)	(110,095)

7. L.

CONSOLIDATED AND COMPANY BALANCE SHEETS
As at 30 September 2024

	Notes	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
FIXED ASSETS					
INTANGIBLE FIXED ASSETS					
- Goodwill	11	112,633	3,945	-	-
- Negative goodwill	11	(53,481)	(59,586)	-	-
Net balance – goodwill/ negative goodwill		59,152	(55,641)	-	-
Other intangible fixed assets	11	1,286	820	-	-
		60,438	**(54,821)**	-	-
TANGIBLE FIXED ASSETS					
Operating properties	12	758,507	742,893	-	-
Other fixed assets	12	119,612	112,502	-	-
		878,119	**855,395**	-	-
INVESTMENTS	13	-	-	341,453	280,786
TOTAL FIXED ASSETS		**938,557**	**800,574**	**341,453**	**280,786**
CURRENT ASSETS					
Stocks	14	878	875	-	-
Debtors - due within one year	15	89,047	52,070	1,522	444
Cash at bank and in hand	16	35,793	23,799	-	-
		125,718	76,744	1,522	444
TOTAL ASSETS		**1,064,366**	**877,318**	**342,975**	**281,230**
CREDITORS: amounts falling due within one year	17	(146,594)	(115,053)	(2,066)	(24)
NET CURRENT (LIABILITIES)/ ASSETS		**(20,876)**	**(38,309)**	**(544)**	**420**
TOTAL ASSETS LESS CURRENT LIABILITIES		**917,681**	**762,265**	**340,909**	**281,206**
CREDITORS: amounts falling due after more than one year	18	(1,049,546)	(879,794)	(435,381)	(347,604)
PROVISION FOR LIABILITIES	19	(10,824)	(11,561)	-	-
NET LIABILITIES		**(142,689)**	**(129,090)**	**(94,472)**	**(66,398)**
CAPITAL AND RESERVES					
Called-up share capital	21	12	10	12	10
Treasury shares	21	75	5	75	5
Share premium account	21	4,238	1,690	4,238	1,690
Revaluation reserve	21	358,033	293,760	-	-
Merger reserve	21	(33,097)	(33,097)	-	-
Share-based payment reserve	21	1,865	-	1,865	-
Profit and loss account	21	(473,815)	(391,458)	(100,662)	(68,103)
SHAREHOLDERS' DEFICIT		**(142,689)**	**(129,090)**	**(94,472)**	**(66,398)**

The Company has taken the advantage of section 408 of the Companies Act 2006 and consequently a profit and loss account for the Company only has not been presented. The Company had a loss of £33m during the year (2023: £28m).

These financial statements were approved and authorised for issue by the Board on 27 February 2025.

Signed on behalf of the Board

Mr D Smith
Director
Registration number FC038602

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2024

	Called up share capital £'000	Treasury shares £'000	Share premium account £'000	Revaluation reserve £'000	Merger reserve £'000	Share-based payment reserve £'000	Profit and loss account £'000	Total £'000
As at 1 October 2022	**10**	-	**1,672**	**301,180**	**(33,097)**	-	**(288,783)**	**(19,018)**
New share issue		5	18	-	-	-	-	**23**
Total comprehensive expense for the year								
Loss and comprehensive expense for the financial year		-	-	-	-	-	(136,394)	**(136,394)**
Upwards revaluation on properties		-	-	95,856	-	-	-	**95,856**
Downwards revaluation on properties		-	-	(60,790)	-	-	-	**(60,790)**
Deferred tax charge on revaluation of tangible fixed assets		-	-	(8,767)	-	-	-	**(8,767)**
Realised revaluation reserve*		-	-	(33,719)	-	-	33,719	-
As at 30 September 2023	**10**	**5**	**1,690**	**293,760**	**(33,097)**	-	**(391,458)**	**(129,090)**
New share issue	2	70	3,135	-	-	-	-	**3,207**
Less: Issue costs	-		(587)	-	-	-	-	**(587)**
Total comprehensive expense for the year								
Loss and comprehensive expense for the financial year	-		-	-	-	-	(84,983)	**(84,983)**
Share-based payment expense	-		-	-	-	1,865	-	**1,865**
Upwards revaluation on properties	-		-	130,659	-	-	-	**130,659**
Downwards revaluation on properties	-		-	(39,562)	-	-	-	**(39,562)**
Deferred tax charge on revaluation of tangible fixed assets	-		-	(24,198)	-	-	-	**(24,198)**
Realised revaluation reserve*	-		-	(2,626)	-	-	2,626	-
As at 30 September 2024	12	75	4,238	358,033	(33,097)	1,865	(473,815)	(142,689)

*The transfer relates to realisation of revaluation reserve on disposal of properties during the years ended 30 September 2023 and 2024.

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2024

	Called up share capital £'000	Treasury shares £'000	Share premium account £'000	Share-based payment reserve £'000	Profit and loss account £'000	Total £'000
As at 1 October 2022	**10**	**-**	**1,672**	**-**	**(40,008)**	**(38,326)**
New share issue	-	5	18		-	**23**
Loss and total comprehensive expense for the year	-	-	-	-	(28,095)	**(28,095)**
As at 30 September 2023	**10**	**5**	**1,690**	**-**	**(68,103)**	**(66,398)**
New share issue	2	70	3,135	-	-	**3,207**
Less: Issue costs	-	-	(587)	-	-	**(587)**
Share-based payment expense	-	-	-	1,865	-	**1,865**
Loss and total comprehensive expense for the year	-	-	-	-	(32,559)	**(32,559)**
As at 30 September 2024	**12**	**75**	**4,238**	**1,865**	**(100,662)**	**(94,472)**

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 September 2024

	Notes	2024 £'000	2023 £'000
Net cash inflows from operating activities	22	60,762	3,292
Cash flows from investing activities			
Purchase of tangible fixed assets		(51,700)	(34,101)
Proceeds from sale of tangible fixed assets		56,834	51,770
Acquisition of Ideal Carehomes Topco Limited (inc. acquisition costs, net of cash acquired)	11	(96,454)	-
Loan notes repaid at acquisition		(9,827)	-
Shares issued – equity shares (net of costs)		2,620	-
Interest received		127	93
Net cash flows (used in)/ from investing activities		**(98,400)**	**17,762**
Cash flows from/ (used in) financing activities			
Repayment of term loans		(29,151)	(40,924)
Drawdown of term loan		65,000	18,000
Shares issued (preference shares, net of issue costs)		56,873	-
Finance costs paid		(43,090)	(32,804)
Net cash flows from/ (used in) financing activities		**49,632**	**(55,728)**
Net increase/ (decrease) in cash and cash equivalent in the year		**11,994**	**(34,674)**
Cash and cash equivalent at beginning of year		23,799	58,473
Cash and cash equivalent at end of year	16	**35,793**	**23,799**
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		**35,793**	**23,799**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2024

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding period.

General information and basis of accounting

The consolidated financial statements have been prepared to meet the requirements of the UK Companies Act 2006 applicable to overseas companies as set out in SI 2009/1801 The Overseas Companies Regulations 2009 as being overseas companies group accounts under those Regulations.

Financial statements of the Company have been voluntarily prepared alongside the consolidated financial statements. No company profit and loss account (or related note disclosure) has been presented, as if the exemptions under the UK Companies Act 2006 s408 were applicable to them.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with UK accounting standards, including Financial Reporting Standard 102 (FRS102) as issued by the UK Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The Consolidated financial statements are also presented in pounds sterling. The Group do not have any foreign operations.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 30 September each year. The financial statements of the Company have been presented alongside the consolidated financial statements. Exemptions have been taken in these separate Company financial statements in relation to a cash flow statement, the remuneration of key management personnel, and the disclosure of intercompany transactions with other group undertakings within Group.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In accordance with FRS102, the results of the group have been prepared using merger accounting principles applicable for group reconstructions. Under merger accounting, the results and the cash flows of the group are combined from the beginning of the financial period in which the merger occurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

1. **ACCOUNTING POLICIES (Continued)**

Going Concern

In assessing the basis of preparation of the financial statements for the year ended 30 September 2024, the Directors use our anticipated future cash flows and undertake a range of sensitivities to identify any plausible situations which could put pressure on our ability to continue as a going concern. In challenging the Directors' assessment in respect of the going concern statements, which were based on anticipated future cash flows agreed by the Board as part of our planning process, the Directors focused on our headroom within our financial covenants and the liquidity available in the Group. The period of assessment is considered to be at least 12 months from the date of approval of these financial statements.

On 5 October 2023, the group took out an additional term loan of £65m which was used to fund the Ideal Carehomes acquisition completed on 12 October 2023. The loan maturity date was extended to 10 October 2028. As at 30 September 2024, the loan outstanding amount was £611.4m and a tranche 2 loan facility of £12m is not yet drawn. This loan is a mortgage without which we would pay rent. Further details can be found in the Contingent liabilities and guarantees note.

The Directors have undertaken a rigorous assessment of going concern and liquidity, taking into account financial forecasts, as well as the potential impact of key uncertainties and sensitivities on our future performance. In making this assessment the Directors have considered our existing debt levels, the committed funding and liquidity positions under our debt covenants, our ability to generate cash from trading activities and our working capital requirements. The Directors have also identified a series of mitigating actions that could be used to preserve cash in the business should the need arise.

The basis of the assessment continues to be the Board-approved business plan. The business plan is prepared annually for the next five-year period and is based on a bottom-up approach to all of our existing operations, potential new operations and administrative functions. As part of the planning process, consideration was given to occupancy growth, fee pricing, labour usage and labour pricing.

The Directors believe that appropriate sensitivities in assessing our ability to continue as a going concern are to model reductions in occupancy growth; lower fee increases; increased labour usage; and increased labour pricing. The Directors believe that a stress test of these sensitivities to assess the headroom available under our debt covenants and available liquidity provides meaningful analysis of our ability to continue as a going concern. Based on the headroom available, the Directors are then able to assess whether the reductions required to breach our financial covenants, or exhaust available liquidity, are plausible.

This stress test shows that, even after assuming a reduction in occupancy growth; lower fee increases; increased labour usage; and increased labour pricing, we can still retain sufficient liquidity to meet all liabilities as they fall due and remain compliant with our financial covenants.

Consequently, the Directors are confident that we will have sufficient funds to continue to meet our liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognised goodwill as:

(a) the fair value of the consideration transferred; plus

(b) the fair value of the equity instrument issued; plus

(c) directly attributable transaction costs; less

(d) the fair value of identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

1. ACCOUNTING POLICIES (Continued)

Intangible assets – goodwill and negative goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 10 to 25 years which is consistent with Group policy. Provision is made for any impairment.

Negative goodwill arising on a business combination in respect of acquisitions is included as intangible fixed assets on the balance sheet and released to the profit and loss account over a period of 10 to 25 years, in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in the profit or loss in the period expected to benefit.

The carrying value of negative goodwill is assessed periodically to determine whether they are indications of further amount to be released to the profit and loss account in which the non-monetary assets arising on the same acquisition are recovered.

Intangible assets – software licences

Separately acquired software licences are included at cost and amortised on a straight line basis over their estimated useful economic life of between 2 to 5 years.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life. Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

Impairment reviews are performed where there are indicators that the carrying value may not be recoverable. An impairment loss is recognised in the profit and loss account to reduce the carrying value to the recoverable amount.

Revaluation of properties

The Group has revalued its individual freehold and leasehold properties at fair value. Any surplus or deficit on book value (other than investment properties) being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

1. ACCOUNTING POLICIES (Continued)

Depreciation

Operating properties

Operating properties comprise of land and building used in the Group's principal activity, the management and running of care homes principally for the elderly. Buildings are depreciated in equal instalments over the estimated economic useful lives of each category of asset. The estimated useful economic life of the land is indefinite and hence no depreciation is charged. The estimated useful economic lives of the buildings are as follows:

Freehold and leasehold buildings	- 30 to 50 years

The useful economic lives of the freehold and leasehold buildings of the Group have been estimated at between 30 to 50 years from the date these properties have become owner occupied.

Other fixed assets

Other fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all other fixed assets at rates calculated to write off the cost less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Buildings and grounds	- shorter of the term of the lease or useful economic useful life
Fixtures, fitting and equipment	- 3 to 5 years
Motor vehicles	- 3 to 5 years

Impairment reviews are performed where there are indicators that the carrying value may not be recoverable. An impairment loss is recognised in the profit and loss account to reduce the carrying value to the recoverable amount.

Investments

Investments are stated at cost less provision for any impairment in value.

Stock

Stocks are stated at the lower of cost and estimated net realisable value. Cost is calculated using the FIFO (first-in, first-out) method.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amounts that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

1. ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing differences and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense and income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise that assets and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: (a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Turnover

Turnover of operating business represents fee income receivable from care services provided. Turnover is recognised in the period in which the Group obtain the right to consideration as the services provided under contracts have been delivered and is recorded at the value of the consideration due. When payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of Creditors due within one year.

Cost of sales

Cost of sales includes home payroll costs, home running costs, depreciation and amortisation.

Exceptional costs

The Company separately presents certain items as exceptional on the face of the profit and loss account. Exceptional items are material items of income or expense that, because of their size or incidence, are shown separately to improve a reader's understanding of the financial information. Further information is given in note 9.

Finance costs

Costs which are incurred directly in connection with the raising of term loans and loan notes are amortised at a constant rate over the lives of the loan facility. The cost is written off fully when the existing facility is cancelled or repaid.

Interest

Interest receivable and interest payable are recognised in the financial statements on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

1. ACCOUNTING POLICIES (Continued)

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange for sterling ruling at the dates of the transactions. All monetary assets and liabilities in foreign currencies are expressed in sterling at the balance sheet date at the rates of exchange prevailing at that date. Exchange differences are recognised in profit and loss account in the period in which they arise.

Leases

The Group as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term. No asset is recognised on the Group or the Company's balance sheet.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight-line basis over the lease term.

Operating leases and contracts

Provisions are made for future operating lease payments on those homes which are not forecast to be profitable.

Pension Schemes

The Group operate auto enrolment into company Default Pension Schemes. The Default Pension Schemes are managed by external third parties. All pension schemes are accounted for as defined contribution pension schemes and therefore the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the assets. Where part of a grant relating to an asset is deferred, it is recognised as deferred income. Government grants received are for use in capital improvement projects of qualifying care homes.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

1. **ACCOUNTING POLICIES (Continued)**

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provision of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired. There are no significant restrictions placed on the Group in fulfilling its financial liability obligations.

Debtors

Debtors are recognised initially at cost less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash and balances in financial statements at no or short notice.

Creditors

Trade creditors are recorded initially at fair value, net of transaction costs incurred.

Loans

Interest-bearing term loans and loan notes are recorded at the proceeds received, net of direct issue costs. Any difference between the amount initially recognised and the redemption value is recognised in the profit and loss account over the year of the borrowing using the effective interest rate method.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

1. ACCOUNTING POLICIES (Continued)

Impairment of assets (Continued)

Non-financial assets (Continued)

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Share-based payment

The group operates a share-based compensation plan under which it awards ordinary shares to its employees. Such awards are generally subject to vesting conditions that can alter the amount of cash or shared to which an employee is entitled.

Vesting conditions include service conditions (requiring the employee to complete a specified period of service). The fair value of options granted is estimates using valuation techniques which incorporate exercise price, term, risk-free interest rates, and expected volatility.

The cost of employee services received in exchange for an award of shares granted is measured by reference to the fair value of the shares on the date the award is granted and takes into account non-vesting market conditions.

The cost is expenses on a straight-line basis over the vesting period (the period during which all the specified vesting conditions must be satisfied) with a corresponding increase in equity in an equity settled award.

The cancellation of an award through failure to meet non-vesting conditions triggers an immediate expense for any unrecognized element of the cost of an award.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies and key sources of estimation uncertainty

The following are the key sources of estimation uncertainty that the directors has assessed as being applicable to the entity and that have the most significant effect on the amounts recognised in the financial statements. It is deemed that there are no critical accounting judgements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION (Continued)

Fixtures and fittings

Accounting for fixtures and fittings involves the use of estimates for determining (a) the useful lives of the assets, over which they are to be depreciated, and (b) the existence and amount of any impairment. Details of fixtures and fittings are provided in note 12.

Fixtures and fittings are depreciated on a straight line basis over their estimated useful lives. When the Group estimates useful lives, various factors are considered including expected technology obsolescence and the expected usage of the asset. The Group regularly reviews these assets useful lives and future economic utilisation and the physical condition of the assets concerned.

The carrying value of fixtures and fittings is assessed periodically to determine whether there are indications of any impairment of the value beyond the depreciation charge. If this is the case, an impairment charge is taken against the carrying value of the assets and charged to profit and loss account. The impairment of fixed assets requires management judgement in determining the amounts to be impaired; in particular judgement is used when assessing the future cash flows.

Key sources of estimation uncertainty

(a) Goodwill and Negative goodwill

Goodwill and negative goodwill require an estimation of the period expected to benefit at the date of business combination.

The carrying value of negative goodwill is assessed periodically to determine whether they are indications of further amount to be released to the profit and loss account in which the non-monetary assets arising on the same acquisition are recovered.

(b) Provision for impairment of trade receivables

The Group makes an estimate of trade receivables recoverability and a provision for impairment which was based on past experience on collection history. The actual receivable collections may differ from the estimated recoverable, which could impact operating profit or loss.

Given the uncertainties in the estimates used to determine the provisions, the actual outflow of resources may differ from the estimated amounts, which could impact operating profit or loss.

(c) Provisions

Provisions are recognised when an event in the past give rise to a current obligation for the Company, settlement of which requires an outlay that is considered probable and can be estimated reliably. The obligation may be legal or constructive; deriving from regulations, contracts or normal practices that lead third parties to reasonably expect that the Group will assume certain responsibilities. The amount of the provision is determined based on the best estimate of the outflow of resources required to settle the obligation, taking into account all the available information. No provision is recognised if the amount of liability cannot be estimated reliably. See note 19 to the financial statements.

(d) Deferred tax assets and liabilities

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised; in particular judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income and gains or losses arising from revaluation of properties. Refer to note 20 for further details of deferred tax assets and liabilities recognised.

(e) Fair values of properties

Determining the fair value of freehold and long-leasehold properties requires estimation based upon the market and cash flows of assets. As at 30th September 2024, the directors engaged independent valuers, Cushman and Wakefield to undertake a valuation of the property portfolio. The properties were valued on an open market valuation using the fair maintainable trade and operating profit, assuming all properties are fully equipped as an operational entity. See further details in note 12.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

3. SEGMENTAL INFORMATION

The operating business led by HC-One Limited, HC-One No.1 Limited, HC-One No.2 Limited, HC-One No.3 Limited, HC-One No. 5 Limited, HC-One Management Limited, HC-One No.6 Limited, Ideal Carehomes Limited, Ideal Carehomes (Number One) Limited, Ideal Carehomes (2) Limited, Ideal Carehomes (4) Limited and Ideal Carehomes (5) Limited care home operators in the UK providing nursing, residential and domiciliary care to the elderly.

The Group has a central function which conducts corporate and administrative activities.

The business is comprised of one operating segment and all trade is derived within the UK.

Turnover	**2024**	**2023**
Sales to third parties:	**£'000**	**£'000**
Operating business	844,162	666,815
	844,162	**666,815**

	2024	**2023**
Loss before taxation	**£'000**	**£'000**
Operating business	25,715	(37,165)
Group operating profit/ (loss)	**25,715**	**(37,165)**
Loss on disposal of tangible fixed assets	(3,703)	(3,499)
Downwards revaluation on properties	(17,261)	(26,514)
Interest receivable and similar income	127	93
Interest payable and similar expenses	(112,621)	(94,401)
Loss before taxation	**(107,743)**	**(161,486)**

Net liabilities	**2024**	**2023**
	£'000	**£'000**
Operating business	795,332	682,343
	795,332	**682,343**
Term loan (net of issue costs) (note 18)	(602,799)	(533,084)
10% cumulative preference shares	(335,222)	(278,349)
Net liabilities	**(142,689)**	**(129,090)**

4. STAFF COSTS

The aggregate staff costs (including Directors) were as follows:

Group	**2024 £'000**	**2023 £'000**
Wages and salaries	502,091	446,818
Social security costs	41,532	31,460
Other pension costs*	8,174	7,219
	551,797	**485,497**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

4. STAFF COSTS (Continued)

Average monthly number of employees (including Directors):	2024	2023
Group	**No.**	**No.**
Board members	10	10
Senior management	10	10
Group employees	19,434	19,346
	19,454	**19,366**

*The Group operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to the profit and loss in the year ended 30 September 2024 was £8,174,000 (2023: £7,219,000).

Company

There are no staff costs incurred by the Company during the current year or the preceding period. All employees are employed by HC-One Limited, HC-One No.1 Limited, HC-One No.2 Limited, HC-One No.3 Limited, HC-One No. 5 Limited, HC-One No.6 Limited, HC-One Management Limited Ideal Carehomes Limited, Ideal Carehomes (Number One) Limited, Ideal Carehomes (2) Limited, Ideal Carehomes (4) Limited and Ideal Carehomes (5) Limited, the Company's group undertakings.

5. DIRECTOR'S EMOLUMENTS

The director's aggregate emoluments in respect of qualifying services were as follows:

	2024	2023
Group	**£'000**	**£'000**
Emoluments	2,103	1,228
Company contributions to money purchase pension schemes (ceased during the year)	28	55
	2,131	**1,283**
No. of directors accruing benefits under defined contribution scheme	1	1

	2024	2023
Director's emoluments	**£'000**	**£'000**
CEO		
Total emoluments	742	622

	2024	2023
Other directors	**£'000**	**£'000**
Highest paid director		
Emoluments	700	494
One off, 3 year rolling-award and retention scheme payment	500	-
Total	**1,200**	**494**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2024	2023
Group	**£'000**	**£'000**
Interest receivable from bank deposits	127	93
	127	**93**

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2024	2023
Group	**£'000**	**£'000**
Interest payable on term loans	75,956	62,664
10% cumulative preference share dividends	32,441	27,911
Amortisation of loan issue costs	2,169	3,325
Other bank finance costs	2,055	501
	112,621	**94,401**

8. LOSS BEFORE TAXATION

	2024	2023
	£'000	**£'000**
Loss before taxation is arrived after charging/(crediting):		
Depreciation of tangible fixed assets (note 12):		
- owned assets	44,978	41,521
- leased assets	9,217	9,701
Negative goodwill credited to profit and loss (note 11)	(6,105)	(5,824)
Amortisation of goodwill (note 11)	6,738	1,175
Amortisation of capital grant	(131)	(641)
Amortisation – other intangible assets (note 11)	4,935	6,061
Share-based payment charge	1,865	-
Downwards revaluation to P&L (see note 9 and 12)	17,261	26,514
Restructuring costs (note 9)	491	102
Onerous lease provision (see note 9 and 19)	-	207
Exceptional project costs (see note 9)	3,379	5,170
Exceptional agency premium costs (see note 9)	-	11,100
Exceptional utility premium costs (see note 9)	2,950	19,800
Exceptional Ideal integration costs (see note 9)	2,980	-
Government grants (including Cost Recoveries, Occupancy Guarantees, Infection Control Fund and Rapid Testing Fund grants)	-	(4,950)
Operating lease rentals – land and buildings*	49,665	23,320

*The operating lease rentals include the rental paid and payable on the Ideal Carehomes leases during the year ended 30 September 2024.

Auditor's remuneration	**2024**	**2023**
The analysis of auditor's remuneration (including VAT) is as follows:	**£'000**	**£'000**
Fees payable to the Company's auditor for the audit of the Company's annual financial statements pursuant to legislation	28	27
Fees payable to the Company's auditor for the audit of the Company's Subsidiaries' annual financial statements	536	468
Total auditor's remuneration	**564**	**495**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

9. EXCEPTIONAL COSTS

Group	2024 £'000	2023 £'000
Exceptional agency premium costs	-	11,100
Exceptional utility premium costs	2,950	19,800
Onerous lease provision (note 19)	-	207
Exceptional costs – Ideal integration costs	2,980	-
Included within costs of sales:	**5,930**	**31,107**
Restructuring costs	491	102
Exceptional project costs	3,379	5,170
Share-based payment charge	1,865	-
Included within administrative costs	**5,735**	**5,272**
Downwards revaluation on properties (note 12)	17,261	26,514
Total exceptional costs	**28,926**	**62,893**

Exceptional agency premium costs

During the year, the Group's exceptional agency costs which are deemed to be at a temporary premium due to external market factors resulting in higher than expected costs, totalled £nil in the year to 30 September 2024 (2023: £11,100,000). The additional costs in 2023 relate only to incremental vacancies arising from the mandating of the COVID vaccination which came to force during November 2021.

Exceptional utility premium costs

During the year, the Group incurred exceptional utility costs which are deemed to be at a temporary premium due to external market factors resulting in higher than expected costs. The exceptional element is limited to the premium incurred which is deemed to be over the expected annual charge. These costs totalled £2,950,000 in the year to 30 September 2024 (2023: £19,800,000).

Onerous leases

During the year, the Group conducted a review of the property lease portfolio. The review resulted in a charge to exceptional costs of £nil in the year ended 30 September 2024 (2023: £207,000).

Exceptional costs incurred during Ideal acquisition

Exceptional costs totalling £2,980,000 have been incurred relating to Ideal Carehomes integration costs. This includes dual running costs of a support office, termination payments and rebranding costs.

Downwards revaluation on properties

As at 30 September 2024, the Freehold and Long leasehold operating properties were revalued following a full property portfolio review by external valuers. This resulted in a downwards revaluation of £17,261,000 (2023: £26,514,000) through the profit and loss account.

Restructuring costs

Exceptional costs totalling £491,000 have been incurred relating to the group restructuring costs in the year ended 30 September 2024 (2023: £102,000).

Exceptional project costs

Exceptional costs totalling £3,379,000 have been incurred relating to group project costs relating to IT and other areas in the year ended 30 September 2024 (2023: £5,170,000).

Share-based payment charge

A total share-based payment charge of £1,865,000 (2023: £nil) has been accrued for during the year ended 30 September 2024.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

10. TAX ON LOSS

Group	2024 £'000	2023 £'000
Current tax	-	-
Deferred tax		
Origination and reversal of timing differences	26,374	25,591
Adjustment in respect of previous periods	(3,614)	(504)
Effect of tax rate changes	-	5
Total deferred tax	**22,760**	**25,092**
Tax credit per income statement	**22,60**	**25,092**
Other comprehensive income items		
Deferred tax current charge	**(24,198)**	**(8,767)**

	2024	2023
Reconciliation of current tax credit		
Loss before taxation	**(107,743)**	**(161,486)**
Tax on loss at standard rate of 25% (2023: 22.01%)	**26,936**	**35,540**
Factors affecting the change:		
Non-deductible expenses	(11,410)	(6,793)
Income not taxable for tax purposes	5,926	3,641
Adjustments from previous periods	(3,614)	(504)
Change in deferred tax not recognised	2,660	(6,797)
Gains/ rollover relief	2,262	
Tax rate changes	-	5
Total tax credit for the year	**22,760**	**25,092**

Finance Act 2021 which was Substantively Enacted on 24 May 2021 included provisions to increase the rate further to 25% effective from 1 April 2023 and the rate has been applied when calculating the

deferred tax at the year end.

There is no expiry date on timing differences, unused tax losses or tax credits.

Pillar Two legislation was substantively enacted in the UK on 20 June 2023, the jurisdiction in which the company is incorporated, and will come into effect for accounting periods commencing from 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the group has no related current tax exposure. The group applies the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to accounting standards issued in May 2023.

The Group has considered its potential exposure to global top up tax, in accordance with Pillar Two legislation. As all of the Group's businesses and profits are in the UK where the statutory main rate of corporate income tax is above 15%, the Group does not expect to pay global top up tax due to the availability of the Pillar Two safe harbours.

The Group continues to assess its position and expects to be able to report the potential exposure, if any, in its next financial statements for the period ending 30 September 2025.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

11. INTANGIBLE ASSETS

Goodwill

	Purchased goodwill
Group	**£'000**
At Cost:	
At 1 October 2023	**11,770**
Additions	115,426
At 30 September 2024	**127,196**
Accumulated amortisation	
At 1 October 2023	(7,825)
Charge for the year	(6,738)
At 30 September 2024	**(14,563)**
Net book value	
At 30 September 2024	**112,633**
At 30 September 2023	3,945

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

11. INTANGIBLE ASSETS (Continued)

Acquisition of Ideal Carehomes Topco Limited

The acquisition of Ideal Carehomes Topco Limited was completed on 12 October 2023 for £99.7m consideration and costs of acquisition of £5.7m. The principal activity of Ideal Carehomes Topco Limited is a residential care home operator.

The tables below set out the provisional fair value and book value of the identifiable assets and liabilities acquired. Goodwill has been calculated using the acquisition method of accounting.

	At fair value £'000
Fixed assets	
Tangible fixed assets	8,095
Current assets	
Debtors	17,765
Deferred tax debtor	1,438
Cash at bank	6,750
	25,953
Total assets	**34,048**
Current liabilities	
Creditors	(29,145)
Corporation tax	(834)
	(29,979)
Creditors falling due more than one year	
Finance lease	(11,687)
Provision	(2,371)
	(14,058)
Net liabilities	**(9,989)**
Satisfied by:	
Cash*	99,741
Costs of acquisition	5,696
	105,437
Purchased goodwill	**115,426**

Goodwill is being amortised on a straight-line basis over a period of 20 years.

Total loan notes owed by the Ideal Carehomes Topco Limited group of £9.8m was repaid as part of the acquisition on 12 October 2023.

*£2,233,000 of purchase consideration was deferred and paid on 10 October 2024.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

11. INTANGIBLE ASSETS (Continued)

Acquisition of Ideal Carehomes Topco Limited (Continued)

A summarised consolidated profit and loss account of Ideal Carehomes Topco Limited for the period from 12 October 2023 to 30 September 2024 is shown below:

	Period from 12 October 2023 to 30 September 2024 £000
Turnover	111,380
Operating profit	11,637

Other intangible fixed assets – Software licences

Group	**Software Licences £'000**
At Cost:	
At 1 October 2023	4,614
Additions	5,401
At 30 September 2024	**10,015**
Accumulated amortisation	
At 1 October 2023	(3,794)
Charge for the year	(4,935)
At 30 September 2024	**(8,729)**
Net book value	
At 30 September 2024	**1,286**
At 30 September 2023	820

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

11. INTANGIBLE ASSETS (Continued)

Negative goodwill

	Negative goodwill £'000
Group	
At Cost:	
At 1 October 2023 & 30 September 2024	**(106,617)**
Accumulated amortisation	
At 1 October 2023	47,031
Credit for the year	6,105
At 30 September 2024	**53,136**
Net book value	
At 30 September 2024	**(53,481)**
At 30 September 2023	(59,586)

Negative goodwill is being amortised on a straight-line basis over a period of 10 to 25 years.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

12. TANGIBLE FIXED ASSETS

Operating properties	Freehold operating properties	Long leasehold operating properties	Total
Group	**£'000**	**£'000**	**£'000**
At 1 October 2023	518,984	223,909	742,893
Assets acquired (note 11)	-	8,095	8,095
Reclassification	4,818	-	4,818
Additions	339	-	339
Disposals	(47,488)	-	(47,488)
Upwards revaluation on properties	100,526	30,133	130,659
Downwards revaluation on properties	(33,832)	(22,991)	(56,823)
Depreciation eliminated on revaluation	(14,919)	(9,067)	(23,986)
At 30 September 2024	**528,428**	**230,079**	**758,507**
Accumulated depreciation			
At 1 October 2023	-	-	-
Charge for the year	15,509	9,217	24,726
Disposals	(590)	(150)	(740)
Depreciation eliminated on revaluation	(14,919)	(9,067)	(23,986)
At 30 September 2024	-	-	-
Net book value			
At 30 September 2024	**528,428**	**230,079**	**758,507**
At 30 September 2023	518,984	223,909	742,893

As at 30 September 2024, the freehold and long leasehold operating properties were revalued as part full portfolio valuation undertaken by external valuers, Cushman and Wakefield. The properties were valued on an open market valuation using the fair maintainable trade and operating profit, assuming all properties are fully equipped as an operational entity. This resulted in an upwards revaluation of £130,659,000 recognised in Other Comprehensive Income and a downwards impairment of £56,823,000. Of the £56,823,000 impairment, £39,562,000 was recognised in Other Comprehensive Income reversing previous increases and £17,261,000 through exceptional costs, see note 9.

The key assumptions underpinning the valuation of properties are the fair maintainable trade and the yield. The fair maintainable trade assumes that the properties are operating at a maintainable rate. The yield will be specific each property depending on location and physical nature of the asset. Following the independent valuation of the group's property portfolio the directors performed sensitivity analysis over the group's fair maintainable trade and the yield. The group's portfolio would decrease by £8,300,000 should either the fair maintainable trade or yield decrease by 1%.

All the freehold and long leasehold operating properties of the Group have been pledged to secure borrowings of the Group. See further details in note 18 to the financial statements.

As at 30 September 2024 the historical costs of freehold and long leasehold operating properties were £538,059,000 (2023: £592,336,000).

Total capital commitment as of 30 September 2024 was £nil (2023: £nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

12. TANGIBLE FIXED ASSETS (Continued)

Other fixed assets

	Buildings and grounds £'000	Fixtures, fittings & equipment £'000	Motor Vehicles £'000	Total £'000
Group				
Cost				
At 1 October 2023	77,463	178,304	7,049	262,816
Reclassification	(2,155)	(2,663)	-	(4,818)
Additions	9,029	45,184	367	54,580
Disposals	(10,072)	(9,115)	(5)	(19,192)
At 30 September 2024	**74,265**	**211,710**	**7,411**	**293,386**
Accumulated depreciation				
At 1 October 2023	26,291	118,441	5,582	150,314
Charge for the year	3,133	25,423	913	29,469
Disposals	(1,713)	(4,291)	(5)	(6,009)
At 30 September 2024	**27,711**	**139,573**	**6,490**	**173,774**
Net book value:				
At 30 September 2024	**46,554**	**72,137**	**921**	**119,612**
At 30 September 2023	51,172	59,863	1,467	112,502
Leased assets included above:				
Net book value:				
At 30 September 2024	**-**	**-**	**921**	**921**
At 30 September 2023	-	-	1,467	1,467

Buildings and grounds figures do not include the value of freehold land and buildings.

When considering future operating performance, cash flow projections have been based on management operating profit projections for a three year period which have been approved by management. Future cash flows have been discounted at a discount rate of 8.0%.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

13. INVESTMENTS

Company

Shares in subsidiary undertakings:	**£'000**
Cost or valuation	
At 1 October 2023	280,786
Additions	60,667
At 30 September 2024	**341,453**

On 12 October 2023, the Company invested a further amount of £58,802,000 in HC-One Topco 1 Ltd to enable the funding of the acquisition costs of Ideal Carehomes TopCo Limited group, see note 11 for further details.

Additionally, the Company made a capital contribution of £1,865,000 (2023: £nil) to HC-One Management Limited, its subsidiary undertaking in respect of share-based payment expense, which is reported in the investment note above.

At 30 September 2024, the Company held investments either directly or indirectly in the following subsidiary undertakings:

Name	**Principal activity**
HC-One Topco No.1 Limited**	Holding Company
HC-One Holdco Limited**	Holding Company
HC-One Holdco 1 Limited**	Holding Company
HC-One Holdco 2 Limited**	Holding Company
HC-One Holdco 3 Limited**	Holding Company
HC-One FinCo Limited*	Holding Company
HC-One Holdings Limited*	Holding Company
HC-One Management Limited*	Management Company
HC-One Upper Midco Limited*	Holding Company
HC-One Intermediate Holdco 1 Limited *	Holding Company
HC-One (NHP5) Limited*	A related undertaking of a care home group
HC-One (NHP6) Limited*	A related undertaking of a care home group
HC-One (NHP1) Limited*	A related undertaking of a care home group
HC-One (NHP3) Limited*	A related undertaking of a care home group
*HC-One (NHP8) Limited	A related undertaking of a care home group
HC-One (NHP7) Limited*	A related undertaking of a care home group
HC-One (NHP4) Limited **	A related undertaking of a care home group
HC-One (NHP2) Limited **	A related undertaking of a care home group
HC-One Intermediate Holdco 4 Limited***	Investment company in care home operating company
HC-One Limited *	Care Home Operator
HC-One Intermediate Holdco 5 Limited*	Holding Company
HC-One No.5 Limited*	Care Home Operator
HC-One Properties 5 Limited *	Investment in care home properties
HC-One No.2 Limited *	Care Home Operator
HC-One No.4 Limited *	Care Home Operator
HC-One Properties 3 Limited****	Investment in care home properties
HC-One Intermediate Holdco 2 Limited *	Holding Company
HC-One Properties 2 Limited ****	Investment in care home properties
HC-One Properties 1 Limited*	Investment in care home properties
HC-One Properties 4 Limited*	Investment in care home properties

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

Name	Principal activity
HC-One Properties Group Limited*	Holding Company
HC-One No.3 Limited *	Care Home Operator
HC-One No.6 Limited *	Care Home Operator
HC-One Intermediate Holdco 3 Limited **	Holding Company
HC-One No.1 Limited *	Care Home Operator
HC-One Alium Holdco Limited *	Dormant Company
Ideal Carehomes Topco Limited*	Holding Company
Ideal Carehomes Midco 1 Limited*	Holding Company
Ideal Carehomes Midco 2 Limited*	Holding Company
Ideal Carehomes Bidco Limited*	Holding Company
Ideal Carehomes Limited*	Care Home Operator
Ideal Carehomes (2) Limited*	Care Home Operator
Ideal Carehomes (4) Limited*	Care Home Operator
Ideal Carehomes (5) Limited*	Care Home Operator
Ideal Carehomes (6) Limited	Dormant Company
Ideal Carehomes (Number One) Limited*	Care Home Operator
Ideal Carehomes (Three) Limited*	Dormant Company
De Brook CH Ltd (UK)*	Dormant Company

Country of incorporation
* United Kingdom, ** Cayman Islands, *** Jersey, **** Isle of Man

HC-One Topco No.1 Limited shares are held directly by the company. All others are indirect. All shares held are ordinary shares.
All investments are at 100% holdings.

14. STOCKS

	2024	2023
Group	**£'000**	**£'000**
Consumables	**878**	**875**

15. DEBTORS: DUE WITHIN ONE YEAR

	2024	2023
Group	**£'000**	**£'000**
Trade debtors	45,287	33,545
Other debtors	10,260	4,299
Prepayments and accrued income	28,362	10,588
Amounts due from related Parent undertakings (see note 25)	5,138	3,638
	89,047	**52,070**

	2024	2023
Company	**£'000**	**£'000**
Other debtors	1,265	444
Amounts due from group undertakings	257	-
	1,522	**444**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

15. DEBTORS: DUE WITHIN ONE YEAR (Cont'd)

All financial assets instruments are measured at amortised cost.

Amounts due from group undertakings

The amounts are due on demand bearing no interest. All amounts related to unsecured debts.

16. CASH AT BANK AND IN HAND

	2024	2023
Group	**£'000**	**£'000**
Cash at bank and in hand	**35,793**	**23,799**

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
Group	**£'000**	**£'000**
Trade creditors	42,284	38,773
Finance leases (see below)	1,355	474
Other creditors	14,276	795
Corporation tax creditor	834	-
Taxation and social security	9,233	16,252
Accruals and deferred income	78,612	58,759
	146,594	**115,053**

	2024	2023
Company	**£'000**	**£'000**
Amount due to group undertakings	2,047	-
Accruals	19	24
	2,066	**24**

Amounts due to related group undertakings

The amounts are due on demand bearing no interest. All amounts related to unsecured liabilities.

	2024	2023
Finance leases	**£'000**	**£'000**
Future minimum payments under finance leases are as follows:		
Between two and five years	11,366	642
Total due after more than one year	**11,366**	**642**
Within one year	1,355	474
Total future minimum payments under finance leases	**12,721**	**1,116**

Finance leases related to assets acquired under hire purchase contracts for motor vehicles and Mountview Care Home which was acquired as part of the acquisition of Ideal Carehomes on 12 October 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Group	2024 £'000	2023 £'000
Term loan - payable between two and five years	602,799	533,084
10% cumulative 3,250,501.17 preference shares at £100 each	335,222	278,349
Interest payable on preference shares	100,159	67,719
Finance leases (see note 17)	11,366	642
	1,049,546	**879,794**

Term Loan	2024 £'000	2023 £'000
Term loan - payable between two and five years	611,434	540,686
Less: Finance costs	(8,635)	(7,602)
	602,799	**533,084**

Term loan

On 5 October 2023, HC-One Finco Limited entered a five year £635m Amendment and Restatement Facility Agreement relating to the facility agreement originally dated 20 April 2021, with a maturity date on 10 October 2028. The loan is secured with unlimited guarantee and by fixed and floating charges over the group assets of HC-One Holdco 3 Limited and its subsidiary undertakings. An additional loan of £65m was taken out and was used on the funding costs of Ideal Carehomes acquisition completed on 12 October 2023. As at the date of signing the accounts, the drawn down term loan of £627.3m remains outstanding.

10% cumulative preference shares	2024 £'000	2023 £'000
10% cumulative 3,250,501.17 (2023: 2,783,485.53) preference shares at £100 each	325,050	278,349
Share premium – preference shares	10,172	-
	335,222	**278,349**

10% cumulative preference shares

On 27 April 2021 the Company issued 2,783,485.53 preference shares with a nominal value of £100 per share, which was also the subscription price. On 12 October 2023 the Company further issued 457,015.64 preference shares at total subscription price of £56.9m, the proceeds were used towards the funding costs of Ideal Carehomes acquisition. The preference shares shall not be entitled to any voting rights. Preference shares are entitled to dividends at a rate of 10% per annum at subscription price and are accrued on daily basis. Amounts outstanding in respect of the preference shares and accrued dividends are shown within the Company balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Analysis of changes in net debt

Group	At 30 September 2023 £'000	Cashflow £'000	Non-cash changes* £'000	At 30 September 2024 £'000
Cash at bank (note 16)	**23,799**	11,994	-	**35,793**
Term loan – payable between two and five years (note 18)	**(540,686)**	(35,849)	(34,899)	**(611,434)**
10% cumulative preference shares (note 18)	**(278,349)**	(56,873)	-	**(335,222)**
Loan notes	-	9,827	(9,827)	-
Finance leases (notes 17 and 18)**	**(1,116)**	82	(11,687)	**(12,721)**
	(796,352)	**(70,819)**	**(56,413)**	**(923,584)**

*Non-cash changes relate to the rolled up PIK interest on the term loan, a finance lease and loan notes acquired through the acquisition of Ideal Carehomes Topco Limited..
** Finance lease payments were included within "finance costs paid" in the cash flow.

Reconciliation of net cashflow to movement in net debt

Group	2024 £'000	2023 £'000
Increase/ (Decrease) in cash and cash equivalent during the year	11,994	(34,674)
Net cash outflow (used in)/ from financing activities	(82,813)	23,271
Changes in net debt resulting from cash flow	(70,819)	(11,403)
Non-cash changes in net debt*	(56,413)	(30,706)
Net debt at the beginning of year	(796,352)	(754,243)
	(923,584)	**(796,352)**

*Non-cash changes relate to the rolled up PIK interest on the term loan, a loan note and a finance lease acquired through Ideal Carehomes Topco Limited.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

19. PROVISIONS FOR LIABILITIES

Group	2024 £'000	2023 £'000
Deferred taxation (see note 20)	-	-
Onerous leases (see below)	-	207
Other provisions (see below)	10,824	11,354
	10,824	**11,561**

	Onerous leases £'000
At 1 October 2023	207
Utilisation of provision	(207)
At 30 September 2024	-

Onerous leases

During the year, the Group conducted a review of the property lease portfolio. The review resulted in the onerous lease provision of £nil at 30 September 2024 (2023: £207,000). The provision is expected to be utilised within the next twelve months.

	Other provisions £'000
At 1 October 2023	11,354
Utilised in the year	(530)
At 30 September 2024	**10,824**

Other provisions

During the year, the Group held provisions totalling £10,824,000 (2023: £11,354,000) for various items including insurances and litigation amongst others. The provisions are expected to unwind as and when the outcomes of the specific provisions become more certain.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

20. DEFERRED TAXATION

Group	Provided 2024	Unprovided 2024	Provided 2023	Unprovided 2023
Deferred tax liability	**£'000**	**£'000**	**£'000**	**£'000**
Fixed asset timing differences	46,957	(2)	45,781	(9,952)
Short term timing differences	(28,464)	(2,666)	(28,428)	(2,620)
Losses	(18,493)	(44,606)	(17,353)	(26,642)
	-	**(47,274)**	**-**	**(39,214)**

	2024 £'000	2023 £'000
Deferred tax liabilities:		
Provision at 1 October	-	16,325
Adjustment in respect of prior years (see note 10)	(3,614)	504
Acquired from Ideal Carehomes	1,438	-
Deferred tax credit to the profit and loss account (see note 10)	26,374	(25,596)
Deferred tax charge/ (credit) in equity	(24,198)	8,767
Provision at 30 September	-	-

Deferred tax

Company	Provided 2024 £'000	Unprovided 2024 £'000	Provided 2023 £'000	Unprovided 2023 £'000
Deferred tax (asset) / liability				
Losses	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

21. CAPITAL AND RESERVES

Company	2024 Number	2024 £'000	2023 Number	2023 £'000
Called up, allotted and not fully paid:				
Class A1 ordinary share	851,419	9	687,890	7
Class A2 ordinary share	136,361	1	132,110	1
Class B1 ordinary share	97,000	1	97,000	1
Class B2 ordinary share	80,000	1	80,000	1
Class B3 ordinary share	18,391	-	-	-
		12		10

The voting rights of Class A1, Class A2, Class B1, Class B2 and Class B3 ordinary shares are not ranked equally.

Within the 97,000 Class B1 shares issued, 5,500 (2023: 1,800) Class B1 Ordinary shares were held as Treasury shares.

99% of Class B1,Class B2 and class B3 ordinary share subscription prices are deferred.

Preference shares of 3,250,501.17 at total subscription price of £325.1m (including preference share premium) are presented as a liability (see note 18), and accordingly are excluded from called up share capital in the balance sheet.

The Group and Company's other reserves are as follows:

- The share premium reserve contains the premium arising on the issue of equity shares.
- The revaluation reserve represents the cumulative effect of revaluations of freehold and long leasehold operating properties which are revalued to fair value at each reporting date.
- The merger reserve represents the effects from adopting merger accounting principles.
- Share-based payment reserve relates to share-based payment expenses accrued for by the Company.
- The profit and loss reserve represents cumulative profits or losses, including realised profit on the re-measurement of investment properties, net of dividends paid, is distributable reserve.

22. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOW

	2024 £'000	2023 £'000
Operating profit/ (loss) (after exceptional costs)	25,715	(37,165)
Onerous lease provision	-	207
Depreciation of tangible fixed assets	54,195	51,222
Purchase of intangible fixed assets	(5,000)	(6,158)
Amortisation of negative goodwill	(6,105)	(5,824)
Amortisation of goodwill	6,738	1,175
Amortisation of intangible fixed assets	4,935	6,061
Share-based payment charge	1,865	-
Amortisation of capital grants	(131)	(641)
(Decrease)/ Increase in creditors	(12,368)	4,178
(Increase)/ Decrease in debtors	(8,379)	2,271
Increase in stocks	(3)	(193)
(Decrease)/ Increase in provisions	(700)	(11,841)
Tax paid	-	-
Net cash inflow from operating activities	**60,762**	**3,292**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

23. FINANCIAL COMMITMENTS

Capital commitments relate to amounts contracted for in relation to the purchase of property, plant and equipment. The total capital commitment as at 30 September 2024 was £nil (2023: £nil).

Minimum lease payments under non-cancellable operating leases fall due as follows:

	Land & buildings		Motor Vehicles	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Future minimum lease payments due in:				
- within one year	51,710	20,949	575	271
- between two and five years	211,025	83,795	274	571
- after five years	2,196,625	1,165,749	-	-
	2,459,360	**1,270,493**	**849**	**842**

The operating lease of land and buildings is in relation to the care homes held with Ice UK Investments (Jersey) Ltd, ANW TDS (Nominee 1) Limited and ANW TDS (Nominee 2) Limited as trustee of the Index Linked Income Fund, Universities Superannuation Scheme, Aspen Tower Propco 7 Limited, Bank Overseas Bank Nominees Limited, Retirement Villages Group, various entities managed by Target Healthcare REITs, Octopus and Royal London, EHCP Trustee 7 Limited and EHCP Trustee 8 Limited and Flintwick Martson Montraine Propco Limited, which are subject to rent reviews at specified intervals.

24. CONTINGENT LIABILITIES AND GUARANTEES

On 5 October 2023, HC-One Finco Limited entered a five year £635m Amendment and Restatement Facility Agreement relating to the facility agreement originally dated 20 April 2021, with a maturity date on 10 October 2028. The loan is secured with unlimited guarantee and by fixed and floating charges over the group assets of HC-One Holdco 3 Limited and its subsidiary undertakings. As at the date of signing the accounts, the drawn down term loan of £627.3m remains outstanding.

25. RELATED PARTY TRANSACTIONS

Amounts due to and from related group undertakings not included in the consolidation group were detailed in the table below:

At 30 September 2024	**Other amounts £'000**
Amounts due from related group undertakings (see note 15):	
FC Skyfall Holdings SPV Limited	5,138
	5,138

At 30 September 2023	**Other amounts £'000**
Amounts due from related group undertakings (see note 15):	
FC Skyfall Holdings SPV Limited	3,638
	3,638

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2024

26. SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events to report after the balance sheet date.

27. SHARE BASED PAYMENT TRANSACTIONS

Growth Shares awarded comprise Class B1, Class B2 and Class B3 ordinary shares issued by HC-One Topco Limited ('Settling entity') to the employees of HC-One Management Limited ('Receiving entity'). During the year ended 30 September 2024, 8,500 Class B1 Ordinary shares and 18,391 Class B3 Ordinary shares (2023: 10,400 Class B1 Ordinary shares) were issued out of which 10,700 (2023: 3,000) Class B1 Ordinary shares were forfeited/lapsed on account of leavers. As at 30 September 2024, 91,500 Class B1 and 18,391 Class B3 (2023: 93,700 Class B1) Ordinary shares are outstanding (collectively the "MIP. Ordinary shares").

MIP Ordinary shares confer on the holders the right to receive proceeds on an exit once certain hurdles have been achieved. The fair value of growth shares was determined using a Monte Carlo option pricing models taking into accounts the likelihood that the relevant hurdles relating to the MIP Ordinary shares being met. These shares are considered as equity-settled for both the Settling entity and the Receiving entity. These shares will vest on the occurrence of an exit event per the MIP plan rules.

For the share options outstanding as at 30 September 2024, the weighted average remaining contractual life is two years (2023: three years).

A total charge on share-based payment of £1,865,000 (2023: £nil) has been accrued during the year ended 30 September 2024, in respect of MIP ordinary shares as a result of the fair value determination. The total carrying amount at the end of the period arising from share-based payment is £1,865,000 (2023: £nil).

28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is FC Skyfall SPV Limited, a company incorporated and registered in the Cayman Islands.

The Directors regard Skyfall LP, a limited partnership incorporated and registered in the Cayman Islands, as the ultimate parent undertaking.

The ultimate controlling party, beyond Skyfall LP, is Skyfall GP Limited, a company incorporated in Cayman Islands.

The largest group into which these financial statements are consolidated is HC-One TopCo Limited with registered office at c/o IQ EQ Corporate Services (Cayman) Limited, 3rd Floor Whitehall House, 238 North Church Street, Grand Cayman KY1-1107 Cayman Islands.

Copies of the consolidated financial statements for the year ended 30 September 2024 are available from Companies House at Crown Way, Cardiff, Wales CF14 3UZ.